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Supreme Court, U.S.
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In The
Supreme Court of the United States

RENAISSANCE GREETING CARDS, INCORPORATED,

Petitioner,

v.

DOLLAR TREE STORES, INCORPORATED,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

PETITION FOR WRIT OF CERTIORARI WITH APPENDIX

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QUESTION PRESENTED

The owner of a trademark for greeting cards, having twenty-eight years of use and an incontestable registration, sues the alleged infringer who markets gift wrap, bags, bows, and boxes. On cross-motions for summary judgment, the similarities in the parties' marks, goods and trade channels weigh in favor of finding infringement. However, infringement is ultimately not established because the owner's mark is deemed lacking in conceptual and commercial strength.

The question presented is whether the strength of a trademark so outweighs the market similarities encountered by consumers that a holding of non-infringement is proper under these circumstances.

RULE 29.6 STATEMENT

Petitioner's parent corporation, FTD Group, Inc., is a publicly held company with related ownership interests in Florists' Transworld Delivery, Inc. and FTD, Inc.

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PETITION FOR A WRIT OF CERTIORARI

Renaissance Greeting Cards, Inc. ("RGC") respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals of the Fourth Circuit in this case.

OPINIONS BELOW

The unpublished opinion of the appellate court is available at 2007 WL 1031703. (App. 1a-21a.) The decision of the district court is published at 405 F. Supp. 2d 680 (E.D. Va. 2005). (Memorandum Opinion reproduced in App. 22a-61a.)

JURISDICTION

The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1). The appellate court had jurisdiction under 15 U.S.C. § 1121(a) and 28 U.S.C. § 1291. (App. 4a.) The district court had jurisdiction under 15 U.S.C. § 1121(a) and 28 U.S.C. §§ 1331 and 1338(b). The appellate court's judgment was issued March 30, 2007 and a timely petition for rehearing was denied on April 27, 2007. (App. 64a.)

STATUTORY PROVISIONS INVOLVED

The relevant statutes for this trademark case are 15 U.S.C. §§ 1114(1)(a) and 1125(a)(1)(A) as relating to likelihood of confusion in determining trademark infringement, and these provide in pertinent part the following:

Section 1114(1): Any person who shall, without the consent of the registrant—(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; ... shall be liable in a civil action by the registrant for the remedies hereinafter provided.

Section 1125(a)(1): Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, ... shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

STATEMENT OF THE CASE

Trademark Background

The standard for determining whether one trademark infringes upon another is a likelihood of confusion; that is, whether 'an appreciable number of reasonable buyers are likely to be confused by the similar marks...." J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 23:2 (4th Ed. 2007). Likelihood of confusion, as proscribed by the above-cited statutes, is generally determined by the federal circuits examining various factors derived from the 1938 Restatement of Torts § 731. *Id.* at § 24:29. *See also id.* at §§ 24:31—24:43 (collecting multifactor tests for each circuit). The strength of the plaintiff's mark (sometimes called the "type of mark") is among these factors. *See* Restatement Third, Unfair Competition § 21 (factor d is the degree of distinctiveness of the mark in determining likelihood of confusion).

To be entitled to protection, a mark must be either inherently distinctive or have secondary meaning, also known as acquired distinctiveness. *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 769, 768-69 (1992). For a mark, "[t]here is a correlation between 'strength' and 'secondary meaning.'" McCarthy, *supra*, § 11:82. This correlation notwithstanding,

> [t]he distinction between the legal concepts of "secondary meaning" and "strength" is both real and critical. While "secondary meaning" is an issue

> of validity for non-inherently distinctive designations, "strength" is an enquiry into a factor leading to the determination of infringement of any kind of mark. The common denominator is the nature of the evidence used to support both legal concepts. McCarthy, *supra*, § 11:82.

Many courts have adopted a two-prong test of strength to evaluate conceptual strength—the mark's placement on the spectrum of marks—and commercial strength—the mark's marketplace recognition. *Id.* at § 11:83. The conceptual strength "enquiry focuses on the inherent potential of the term at the time of its first use." McCarthy, *supra*, at § 11:83. In terms of such potential, a mark can be classified by placing it on the spectrum of increasing distinctiveness as either generic, descriptive, suggestive, arbitrary or fanciful. *See Two Pesos*, 505 U.S. at 768. The commercial strength enquiry "evaluates the actual consumer recognition value of the mark at the time registration is sought or at the time the mark is asserted in litigation to prevent another's use." *Id.* These two prongs thus correlate to the enquiry into a mark's validity as whether a mark is inherently distinctive (conceptual prong) or has acquired distinctiveness (commercial prong).

To step back for a moment from the terminology, the following analogy is offered from Professor McCarthy that guides the enquiry into the nature of a mark's strength:

> Strength is relative. Marks are like people. If asked "Are you strong?," a reasonable response is, "Well what did you have in mind? Moving a grand piano up a flight of stairs or carrying a letter across the hall?" Similarly, strength of a trademark is purely a function of the job a mark is called on to do. That is, is the senior user's mark strong enough that a junior user's mark will create customer confusion when used in a different format and appearance, when used on a different line of goods, or when used in a different territorial area? Those are the kinds of tasks that trademarks are called upon to perform. *Id.* at § 11:74.

Introduction and Summary

This case calls upon the Court to examine the strength of a trademark as a factor in determining likelihood of confusion.

RGC first used its trademarks RENAISSANCE and RENAISSANCE GREETING CARDS in 1977, and later secured three federal registrations of these marks for greeting cards. In 2003, RGC discovered that respondent was using the mark RENAISSANCE to identify gift bags, wrap, boxes, bows, ribbon and tissue. For a few years, RGC itself had also used its marks to identify gift bags, gift wrap, bows and ribbon. RGC filed this infringement action and, after discovery, both parties moved for summary judgment. The district

court framed the issue as whether RGC's mark was sufficiently strong that respondent's use was likely to cause confusion among consumers. The court granted summary judgment to respondent and the Fourth Circuit affirmed.

The Fourth Circuit focused on the strength of the mark in the multifactor test for likelihood of confusion, and took the following positions:

1. The strength factor was deemed paramount;

2. Strength was evaluated by relying on third-party registrations and applications of marks incorporating the word "renaissance" without any evidence that these marks were in use or had created any consumer recognition;

3. All such third-party marks—regardless of the goods or services identified thereby—were deemed to have diminished the strength of RGC's marks for greeting cards;

4. RGC's federal registrations, two of which were incontestable, were not deemed relevant to the strength of the marks; and

5. Overall, RGC's marks were deemed weak based on RGC's small market share and advertising expenditures.

Each one of the foregoing positions clashes with the law of other courts of appeals. The Fourth

Circuit's judgment in this case is based on a flawed analysis that precludes protection from infringement for the trademark owner. Yet, the judgment is not an anomaly; some positions find support in the case law of the Fourth Circuit and Sister Circuits, while still clashing with the law of other Sister Circuits.

In this case, the Fourth Circuit agreed with the district court that the parties' marks were similar, that their goods were related and that the movement of goods in the trade channels favored a finding of infringement. Infringement was not found, however, because the "strength of the mark" factor was deemed paramount and the "evidence" diminished the strength of RGC's marks. The critical evidence was a database search report listing the word "renaissance" as part of various registrations, applications and trade names.

Contrary to the Fourth Circuit, the decisions of the Federal Circuit, Second Circuit and Seventh Circuit have rejected such evidence because the mere listing does not evidence third-party use of a mark that impacts consumers. More importantly, the search report showed "renaissance" in connection with goods or services that were far afield of the products at issue—greeting cards, on the one hand, and gift bags, wrap, bows and ribbon, on the other hand. The Fourth Circuit, having accepted that the products at issue were related for purposes of infringement, should have dismissed the search report as irrelevant. That is the position taken by the Federal Circuit, First Circuit, Second Circuit and Ninth Circuit as to evidence of third-party marks for unrelated uses.

The fallacy of deeming a mark weak based on unrelated use by others is manifest: a plaintiff's mark in the field of X is similar to the defendant's mark in the related field of Y, yet possible usage in the unrelated fields of A, B, and C somehow weaken the plaintiff's mark so that no infringement is found. This finding is not compatible with a realistic assessment of consumer perception.

The Fourth Circuit's trademark jurisprudence acknowledges, in some respects, that the likelihood of confusion test is a careful weighing and balancing of factors. (See App. 7a.) Yet, the Fourth Circuit clings to its position that the strength factor is paramount. The Second Circuit and Sixth Circuit reject this position. It is difficult to carefully weigh and balance pawns of equal caliber, when one pawn has already been anointed as king.

Proceedings Below

District Court

The United States District Court for the Eastern District of Virginia, in ruling on the parties' cross-motions for summary judgment, framed the issue in the opening paragraph of its opinion as follows:

> At issue is whether RGC's RENAISSANCE trademark is so well-recognized by consumers of greeting cards (that is, strong) that Dollar Tree's use for non–competitive products is likely to cause confusion among consumers." (App. 23a.)

The court then analyzed that strength even before undertaking its formal analysis under the likelihood-of-confusion factors.

The district court found that "[t]he word RENAISSANCE is a very commonly-used mark for a wide variety of goods and services, both within industries arguably related to greeting cards and in the economy in general." (App. 24a.) The court noted there were 20 active registrations or applications in the U.S. Patent and Trademark Office ("PTO"), in the same administrative classification of paper and printed goods as RGC's marks, for "labels, wedding albums, periodicals and various paper goods," and a total of 465 active federal and 203 state trademark registrations or applications containing the word RENAISSANCE. (App. 25a.) "These hundreds of marks represent a diverse array of industries, including: the hotel industry, the information technology industry, executive education services, and costume jewelry." *Id.* "In addition, there are 245 identifiable 'common law trademarks' using the word RENAISSANCE and at least 2,925 businesses using the word RENAISSANCE in their business names." (App. 26a.)

Other than the foregoing, the district court did not further analyze the registrations, applications, marks and names. In analyzing the conceptual strength of the mark, the court referred again to the above-quoted numbers, the registrations within the PTO class of paper products, and "the common usage of the mark across a variety of markets ...." (App. 44a.)

The court then turned to the commercial strength of the mark and found that RGC's market share was "miniscule" (*i.e.*, annual sales of $12 million were less than 1% of the $7 billion market) and found inconsequential its annual advertising expenditures averaging less than $360,000 per year. (App. 47a.) These factors, "in combination with the wide use of the term RENAISSANCE in other products," rendered the mark weak in the court's opinion. *Id.*

In addressing other likelihood-of-confusion factors, the court found the parties' marks similar in appearance (App. 48a), the goods related (App. 51a—52a), and "the channels of trade, while not identical, are similar enough to weigh here very modestly in favor of infringement" (App. 53a). Because respondent did not advertise its products, this factor did not weigh in favor of infringement. (App. 53a.) The court did not find that the respondent's intent or evidence of actual confusion weighed in favor of infringement. (App. 56a, 58a.)

In the overall weighing of the factors, the court determined "the question to be decided in this dispute is whether the strength of RGC's RENAISSANCE mark to identify a source for greeting cards is sufficient to spill over beyond the scope of greeting cards to related product markets." (App. 58a.) The court concluded that "[t]he common and frequent use of the RENAISSANCE mark in many industries and businesses, coupled with RGC's de minimis share of the retail market and paltry advertising efforts, compels the conclusion that RGC's mark is too weak to have created any

likelihood of confusion among consumers of Dollar Tree's paper products bearing a similar mark." (App. 59a.)

Court of Appeals

The Fourth Circuit affirmed the district court's grant of summary judgment for respondent. The record facts before the court were not in dispute, and only the inferences to be drawn from those facts were disputed by the parties. (App. 5a.) The validity of RGC's marks was not in dispute and so the question to be decided was one of a likelihood of confusion, and that standard governed both the federal and state law claims. (App. 6a.) Under that standard, the court set forth the seven factors from *Pizzeria Uno* and began its evaluation by stating that the "first and paramount factor under this set of factors is the distinctiveness or strength of the two marks." (App. 7a-8a) (quoting *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984)).

As to the conceptual strength of RGC's marks, RGC argued the marks were arbitrary as there was no connection between the word and goods, but the Fourth Circuit deemed the marks suggestive, although there was no explanation on appeal or below as to what the marks were suggestive of with respect to a quality or characteristic of greeting cards. The court recognized that suggestive marks "are deemed strong and presumptively valid," (App. 8a) but nevertheless considered as relevant the record of third-party registrations and applications and the marks within the PTO classification of paper products. (App. 8a-9a.) The court concluded this

record "diminished any distinctiveness inherent in RGC's marks." (App. 9a.) In response to RGC's arguments, the court stated, "evidence of third-party use of a mark in unrelated markets—although not as persuasive as use within the same product class—indicates a mark's lack of conceptual strength." (App. 10a.)

The Fourth Circuit considered the third-party marks also relevant to the commercial strength prong of the inquiry. The court found that the district court "faithfully considered" other indicia of strength "such as advertising expenditures, consumer awareness of the source of the mark, market share, and unsolicited media coverage," and hence found no error.[1] (App. 10a.)

The Fourth Circuit agreed with the district court's analysis and also affirmed that the similarities in the marks, goods and trade channels weighed in favor of infringement, while the other factors did not. (App. 11a-13a, 13a-15a.) Overall, the Fourth Circuit found "only three of the seven *Pizzeria Uno* factors weighed in [RGC's] favor," and

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[1] In the undisputed record for summary judgment before the district court and Fourth Circuit, RGC submitted and argued evidence of unsolicited media coverage as well as testimony and other evidence of consumer awareness (summarized in the Brief of Appellant p.8) that was not mentioned in either of the opinions of the courts.

thus the court found no clear error in the district court's decision. (App. 16a.)[2]

REASONS FOR GRANTING THE PETITION

The decision of the Fourth Circuit widens the conflicts in the circuits as to how to assess the strength of a trademark for determining likelihood of confusion. By granting this petition, this Court can assign a consistent value and task to the strength factor in the likelihood of confusion calculus. This in turn would ensure that the use and content of the evidence relevant to strength (owner's federal registration, third-party marks, market share and advertising), about which the circuits are in conflict, can be given more uniform and disciplined treatment that is consistent with the Lanham Act's goals of informing consumers and securing the owner's exclusive right to use of its mark when a likelihood of confusion arises.

This petition also raises an important issue because of the evidentiary correlations between the validity and strength of a mark. While the same evidence is often used to determine validity and strength, the focus differs. Validity is determined by examining only the owner's mark, whereas the determination of strength requires review of not only the owner's mark, but also the junior user's mark

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[2] Beyond the seven-factor *Pizzeria Uno* test, the Fourth Circuit has recognized purchaser sophistication and quality of the defendant's product as additional factors for consideration. *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 463-64 (4th Cir. 1996). RGC's arguments on these factors were not addressed by the panel's decision.

and possibly third-party marks. This distinction in analyses calls for careful crafting of the treatment of the strength factor, as noted above, so that a blurring does not occur which impacts negatively on the threshold question of a mark's validity. Evidentiary concerns unique to strength, for example, should not migrate to validity and thereby constrict or enlarge the parameters for establishing a protectable mark.

Resolving the circuit conflicts is also important to potentially reducing litigation in two respects. *Cf. Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 213-14 (2000) (adopting bright-line test for protection of trade dress to provide a basis for summary disposition of strike suits). First, if a mark's strength is diminished by third-party uses in unrelated fields, the successful senior user must, to keep its mark strong, vigilantly pursue junior users in all fields. Without such pursuit, the senior user risks a determination that its mark is weak and, therefore, its scope of protection narrowly circumscribed. Removing this threat of diminished protection by unrelated uses thereby reduces the need for litigation.[3]

Second, the difficulty of judging the strength of a mark impacts on the junior user's selection of its

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[3] If that senior user has a famous mark, then one avenue for proper pursuit is under the Federal Trademark Dilution Act which is "[u]nlike traditional infringement law". *See Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 429 (2003). There, even unrelated use may cause harm, but the test of whether a mark is famous properly focuses on all third-party use of marks regardless of the goods or services identified thereby.

mark. The junior user can quickly access objective data of federal registration and incontestability, and a federal registration or application would state how long the senior user has been using the mark, but data regarding market share and advertising expenditures, for example, are usually confidential and unknown until the parties are deep in discovery. Thus, judicial acceptance of objective, accessible data as relevant to strength would inform the junior user's selection of a mark. Conversely, judicial acceptance of confidential data as critical to assessing strength may distort the process of selecting marks by the junior user since strength cannot be readily ascertained. While there may always be a penumbra of gray in determining whether a newly proposed mark conflicts with a senior mark, that shadow can be made more manageable, and litigation thereby reduced, if the treatment of the strength factor is made more uniform and clear.

Finally, the issue presented is clearly important to the doctrinal development of trademark law. One commentator's recent analysis concluded as follows: "The data suggest that, at least in the context of the multifactor test, the doctrine of trademark strength has broken down. Basic concepts are no longer consistently applied and mistakes of doctrine are common." Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 94 Cal. L. Rev. 1581, 1633 (2006). This breakdown calls for this Court's guidance so that trademark law can remain responsive and vibrant to changing concepts of

market strength in the fast-evolving world of commerce.

The Conflicts Within The Circuits

1. Strength of a mark is not paramount

In this case, the Fourth Circuit asserts that strength is the first and paramount factor. The Second Circuit has rejected that position (with the reference below to the *Polaroid* factors in that circuit, *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961)).

> No single *Polaroid* factor is pre-eminent, nor can the presence of one without analysis of the others, determine the outcome of an infringement suit. For example, if the determination of mark's strength were to stand as the centerpiece of the *Polaroid* analysis, with the remaining factors relegated to positions of lesser significance, weak marks would automatically be found unlikely to cause confusion among purchasers as to source; strong marks would invariably be deemed to cause confusion. The likelihood of confusion test would then become a variation of the "trademark classification" approach. *Thompson Medical Co., Inc. v. Pfizer Inc.*, 753 F.2d 208, 214 (2d Cir. 1985).

The Second Circuit later explained that undue emphasis on the absence of secondary meaning (commercial strength, as used now) distorts the protection of the Lanham Act.

> [I]t is error for a court to hold that a mark cannot be strong absent proof of secondary meaning. This rule is bolstered by *Two Pesos*, which is grounded in the notion that a newcomer to the market with an inherently distinctive trade dress may be entitled to protection. While *Two Pesos* dealt with the inherent distinctiveness prong of trade dress protection, it plainly informs the entire analysis of Lanham Act protectability. To not require secondary meaning as a threshold matter but then bring it in through the back door in the strength-of-the mark inquiry would undermine the core holding of *Two Pesos*. *Paddington Corp. v. Attiki Importers & Distributors, Inc.*, 996 F.2d 577, 585 (2d Cir. 1993) (citations omitted).

The Sixth Circuit has likewise rejected the idea that strength is the paramount factor:

> AutoZone has not pointed to any case in which we stated that the strength-of-mark factor predominates over the other seven *Frisch* factors. Contrary to AutoZone's position, the fact that a mark is strong does not impact our analysis of the similarity of the marks, the relatedness of the products and services, or any of the other factors in

> the likelihood-of-confusion test. *AutoZone, Inc. v. Tandy Corp.*, 373 F.3d 786, 795 (6th Cir. 2004) (referring to *Fritch's Rests., Inc. v. Elby's Big Boy of Steubenville, Inc.*, 670 F.2d 642 (6th Cir. 1982)).

By that court's logic, the fact that a mark is weak should not impact the analysis of other factors.

The Fourth Circuit's treatment of strength as the paramount factor in this case was an application of the court's rule of law, not simply a particular finding emerging from the facts of this case. Case law shows that, with respect to the facts of this case, strength should have had lesser, not more, importance. McCarthy's treatise summarizes this case law as follows: "Whether a mark is weak or not is of little importance where the conflicting mark is identical and the goods are closely related." McCarthy, *supra*, § 11:76. Likewise, Callman's treatise states the following: "When the parties' marks are very similar and their goods or services are competing, the strength of the senior mark is of diminished importance." Louis Altman, 3A Callman on Unfair Competition, Trademarks and Monopolies § 21:46 (4th Ed. 2006). "[A]lthough a weak mark is entitled to only a 'restricted range of protection,' infringement will be found 'if the marks are quite similar, and the goods closely related.'" *John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966, 975 (11th Cir. 1983) (quoting *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 350 (9th Cir. 1979)).

The Fourth Circuit's treatment of strength demanded attention in the factor analysis as it was singled out as paramount (*i.e.*, superior to all others). This paramount status was not simply a rhetorical flourish as there are real world consequences for the trademark owner and potential purchasers of the products at issue.

2. Search report not evidence of use

RGC argued below that the search report of third-party marks should not have been deemed evidence that the marks were in use and thus the report was irrelevant. The Fourth Circuit did not respond to that argument and RGC's position may have been foreclosed by the court's precedent. *See Petro Shopping Centers L.P. v. James River Petroleum*, 130 F.3d 88, 93 (4th Cir. 1997) (plaintiff "maintains that only proof that third parties actually use the term PETRO would be relevant. We disagree.").

The *Petro* precedent and similar decisions have been specifically criticized by McCarthy's treatise. *See id.* at § 11:89 (the *Petro* "court gave no coherent explanation for this deviation from the rule"). Contrary to the Fourth Circuit, the rule in other circuits is that the citation to third-party registrations alone, without proof of use or consumer recognition, renders those registrations irrelevant. *See, e.g. Olde Tyme Foods, Inc. v. Roundy's, Inc.*, 961 F.2d 200, 204 (Fed. Cir. 1992) ("As to strength of a mark, however, registration evidence may not be given any weight"); *McGraw-Edison Co. v. Walt Disney Productions*, 787 F.2d 1163, 1171 (7th Cir.

1986) ("third party registrations of trademarks ... are material in determining strength of the [plaintiff's] mark only to the extent that the similar marks are promoted by their owners or recognized by the consuming public"); *Scarves by Vera, Inc. v. Todo Imports Ltd., Inc.*, 544 F.2d 1167, 1173 (2d Cir. 1976).

With respect to the evidentiary value of third-party marks, the Federal Circuit recognizes a distinct and complementary position. That is, in analyzing the distinctiveness of a mark, third party marks without proof of use, and in the relevant field, may be used as a type of dictionary to inform the analysis of whether others in the trade perceive the wording as descriptive, suggestive, generic or arbitrary. *See, e.g., Specialty Brands, Inc. v. Coffee Bean Distributors, Inc.*, 748 F.2d 669, 675 (Fed. Cir. 1984); *Tektronix, Inc. v. Daktronics, Inc.*, 534 F.2d 915, 917 (CCPA 1976). This evidentiary approach is informative and workable. However, it would not have useful in this case because no other marks were disclosed, apart from those of RGC and respondent, that incorporated "renaissance" for greeting cards, stationery, post cards or other closely related goods.

3. Third-Party marks for unrelated uses are irrelevant

The position of the Fourth Circuit on third-party marks also conflicts with other circuits with respect to marks identifying unrelated goods and services. The rule, simply stated, is that "[t]he relative strength or weakness of the trademark must be determined in relation to the product or service it

identifies." Callman, *supra*, § 21:48. Thus, the inquiry here should have focused on greeting cards and such related goods. The inquiry should not have deemed relevant the "renaissance" marks singled out by the district court for goods and services in fields such as "the hotel industry, the information technology industry, executive education services, and costume jewelry." (App. 25a.) Indeed, the analysis of the Fourth Circuit seemingly focused on just the *per se* numbers of registrations, applications and business names as if the numbers alone established relevance to greeting cards.

In stark contrast, other circuits focus on the parties' products at issue to determine what if any weight should be assessed to third-party uses of similar marks. *See Beacon Mutual Ins. Co. v. OneBeacon Ins. Group*, 376 F.3d 8, 19 n.5 (1st Cir. 2004) (third-party use for financial services does not weaken plaintiff's mark for insurance); *National Cable Television Assoc., Inc. v. American Cinema Editors, Inc.*, 937 F.2d 1572, 1579-80 (Fed. Cir. 1991); *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 153-55 (9th Cir. 1963); *Admiral Corp. v. Penco, Inc.*, 203 F.2d 517, 519, 521 (2d Cir. 1953) (thirty-five third-party registrations "applied to entirely different types of commodities"). The *National Cable* court gave the following instructive example:

> To take an extreme example, ACE for canned, large peas could not escape likelihood of confusion with a prior user of ACE for canned, small peas because ACE is concurrently used by unrelated third parties on aircraft,

> clothing, computer services, hardware or even bread, bananas, milk and canned carrots. Properly defined, the relevant public in the example need be defined no broader than purchasers of canned peas, and the third party marks outside the segment become essentially irrelevant. 937 F.2d at 1579.

The example of ACE canned peas reveals the error in the Fourth Circuit's approach in evaluating strength based on use in unrelated fields. Such a comparison is misleading (as in the classic mis-comparison of apples and oranges). This error is clear as to the commercial strength prong of the analysis and more so as to the conceptual strength prong. The latter focuses on the *inherent* distinctiveness of the mark, and thus the examination of marks external to the inherent characteristics of a mark in relation to its field is a dead end path. To illustrate, the word "apple" is an arbitrary choice to brand computers, while being generic—not even a mark—for the fruit. The overwhelming third-party use of this generic word in connection with fruit, even as part of federal registrations, cannot realistically guide any analysis of inherent strength for this word as applied to computers.

4. A mark's registration favors its strength

Based on the arguments presented above, it is clear that a federal registration, even if incontestable, does not by itself speak to the mark's consumer recognition in the marketplace, that is, the

commercial strength prong. Registration without proof of use is irrelevant to gauge this consumer recognition. However, as to the conceptual strength prong, a registration carries at least the presumption that the mark was inherently distinctive or had acquired distinctiveness at the time of the PTO's issuance of the registration. *See Lone Star Steakhouse & Saloon, Inc. v. Alpha of Virginia, Inc.*, 43 F.3d 922, 936 (4th Cir. 1995).

The circuits have a long-standing conflict as to whether a registration has conclusive, presumptive or no evidentiary value in analyzing the strength of a mark. *See Lone Star*, 43 F.3d at 934 (noting conflict). *See generally* Razzano, *Incontestability: Should It Be Given Any Effect In A Likelihood Of Confusion Determination*, 82 Trademark Rep. 409 (1992). A sensible approach would rule out a conclusive value because the meanings of words can change over time; the sole, seemingly arbitrary mark of a senior user can have its beachhead washed away by changes in industry practices and trade terminology that spur imitation by junior users.

Here, the Fourth Circuit did not accord any weight to RGC's incontestable registrations. However, absent changes in the trade lexicon as mentioned above, those registrations should have been presumptive evidence of strong marks with respect to conceptual strength. This approach offers a sensible middle ground consistent with the correlation of the strength factor to the determination of the mark's validity.

5. Market share and advertising expenditures are not dispositive of commercial strength

The centerpiece of the district court's analysis of commercial strength relied on RGC's "miniscule" market share and "paltry" advertising expenditures. The Fourth Circuit affirmed and recited market share, in and of itself, as a factor to consider in gauging commercial strength. The court cited for support *Perini Corp. v. Perini Construction, Inc.*, 915 F.2d 121, 125 (4th Cir. 1990). However, *Perini* did not state market share as a factor. Significantly, *Perini* instead stated that "the length and exclusivity of the mark's use" was a factor to consider in determining secondary meaning. *Id.* Here, other than noting RGC's first use of its marks in passing as background, neither the district court nor the Fourth Circuit weighed or even mentioned RGC's 28 years of continuous use of its marks as relevant to the determination of strength.

A recent Federal Circuit decision, reversing the summary judgment determination of no likelihood of confusion by the Trademark Trial and Appeal Board, is instructive as to the diminished value of market share. *China Healthways Institute, Inc. v. Wang*, __ F.3d __, 2007 WL 1793377 (Fed. Cir. 2007). The Board had criticized the absence of evidence regarding the plaintiff's market share. In contrast to the Fourth Circuit, the Federal Circuit stated "[e]vidence of large sales and length of use is highly relevant, whatever the market share." *Slip Op.* at 6.

The Fourth Circuit's elevation of market share to a separate criterion for analysis is without support and contrary to any role market share data may have in guiding the analysis of other established criteria. This emphasis on market share is problematic in two ways. First, market share requires a means of defining the market, and this adds unnecessarily a layer of antitrust-like complexity to an already complex inquiry into the likelihood of consumers being confused as to the possibly anonymous source of origin of goods and services of all types. Second, litigants now will focus on attempting to portray a senior user's market share as miniscule as a way of eluding a determination of likelihood of confusion, and, conversely, a mark's owner will portray itself as the big fish in a narrowly defined market segment. Here, RGC could have inflated its market share by referring to that segment, recognized in the trade, providing alternative greeting card products to the leading brand, Hallmark. This Court should adopt the Federal Circuit's approach to focus on the indicia of strength such as sales and length of use that are "highly relevant, whatever the market share." This would ensure that likelihood-of-confusion determinations are not distorted or reduced to a lottery that favors only market giants.

The Fourth Circuit's handling of the weight to be assigned to advertising expenditures is contrary to the more reasoned approach of the Second Circuit.

> Although evidence of advertising can bolster a mark's strength, its absence need not weaken the mark... When a claimant has no need for

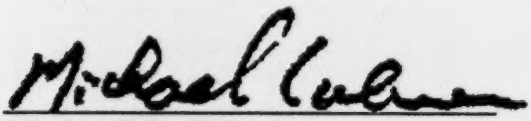
> traditional advertising because of the nature of its market, it should not feel compelled to advertise simply to protect its service mark. *Morningside Group Ltd. v. Morningside Capital Group, L.L.C.*, 182 F.3d 133, 139 (2d Cir. 1999).

In effect, the district court and Fourth Circuit substituted their judgment for RGC's business experience in how to expand sales through advertising. In this regard, the quantities of sales made and advertising expenditures are not simply a race to higher numbers, but are guideposts to determining whether the senior user's mark is sufficiently strong for "the kinds of tasks that trademarks are called upon to perform." McCarthy, *supra*, at § 11:74. To return to McCarthy's analogy, in view of the established similarities in the parties' marks, goods and trade channels, RGC's marks should not have been tasked with carrying a grand piano but, rather, carrying a letter across the hall. And thus market share and advertising expenditures, even if meager, should not have outweighed RGC's long, exclusive and "highly relevant" use of its marks. The imbalance of the Fourth Circuit's position should be rejected in favor of a more uniform and disciplined treatment of the strength-of-the-mark factor.

CONCLUSION

For the foregoing reasons, this Court should grant the petition for writ of certiorari.

Respectfully submitted,



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UNPUBLISHED

UNITED STATES COURT OP APPEALS
FOR THE FOURTH CIRCUIT

No. 06-1131

RENAISSANCE GREETING CARDS, INCORPORATED,

Plaintiff - Appellant,

versus

DOLLAR TREE STORES, INCORPORATED,

Defendant - Appellee.

Appeal from the United States District Court for the Eastern District of Virginia, at Alexandria. T. S. Ellis, III, District Judge. (1:05-cv-00341-TSE)

Argued: November 30, 2006
Decided: March 30, 2007

Before WIDENER and WILKINSON, Circuit Judges, and David A. FABER, Chief United States District Judge for the Southern District of West Virginia, sitting by designation.

Affirmed by unpublished opinion. Judge Faber wrote the opinion, in which Judge Widener and Judge Wilkinson joined.

ARGUED: Michael Steven Culver, MILLEN, WHITE, ZELANO & BRANIGAN, P.C., Arlington,

Virginia, for Appellant. Beth Hirsch Berman, WILLIAMS, MULLEN, HOFHEIMER & NUSBAUM, P.C., Norfolk, Virginia, for Appellee. **ON BRIEF:** Adam Casagrande, WILLIAMS, MULLEN, HOFHEIMER &. NUSBAUM, P.C., Norfolk, Virginia, for Appellee.

Unpublished opinions are not binding precedent in this circuit.

FABER, Chief District Judge:

Renaissance Greeting Cards, Inc., appeals the district court's grant of summary judgment to Dollar Tree Stores, Inc., and the court's determination of an evidentiary issue under Federal Rule of Evidence 408. For the following reasons, we affirm with regard to both issues.

I.

In connection with its greeting cards business, appellant Renaissance Greeting Cards, Inc. ("RGC"), owns three registered trademarks containing the words "Renaissance" and "Renaissance Greeting Cards." Although the marks were registered in 1992, 1996, and 2003, respectively, at least one of these marks has been in continuous use by RGC or its predecessors since 1977. The parties do not dispute that RGC's "Renaissance" mark is incontestible pursuant to 15 U.S.C. §§ 1065 and 1115(b).

Although RGC operates one retail outlet store in Maine, the vast majority of RGC's sales are made on a wholesale basis to assorted retailers and to florists affiliated with RGC's parent company,

Florists' Transworld Delivery, Inc. ("FTD"). Not surprisingly, RGC's advertising expenditures, which have averaged $358,000.00 in recent years, are targeted mostly at these wholesale customers. With recent annual sales averaging twelve million dollars, RGC claims approximately 0.2% of the greeting cards market. Although RGC's products at one time included a line of gift bags, gift wrap, bows, and ribbon, RGC abandoned this line in 1990, and has since confined itself to the sale of greeting cards.

Appellee Dollar Tree Stores, Inc. ("DTS"), owns and operates approximately 2,800 discount retail stores nationwide, with recent annual sales totaling in excess of $3 billion. Since 1993, DTS has sold a line of gift bags bearing a "Renaissance" or "Renaissance Gift Bags" mark. In 2002, it expanded this line to include gift wrap, boxes, bows, ribbon, and tissue paper. DTS estimates that it has sold somewhere between 250 million and 500 million units of these products since 1995. DTS also sells a line of greeting cards, but these cards, which are produced by American Greetings Corporation, are sold under the trademark "Tender Thoughts."

At the time it selected its "Renaissance" marks, DTS was unaware of RGC's trademarks. Indeed, DTS did not conduct a trademark search or consult counsel with regard to its use of the mark until 2003, when it discovered that the "Renaissance" mark was widely used by many companies. As a result of this discovery, DTS eventually began marketing its line of gift products under the mark "Voila." The older "Renaissance" gift

bags, however, remained available for purchase in some of DTS's stores as late as July 2005.

When RGC discovered DTS's use of the mark in 2003, it sent a letter to Betta Products, Inc., the company it believed to have produced the bags. Betta Products directed RGC to DTS, and in December 2003, counsel for RGC sent a letter to DTS seeking to discuss the issue. When this and two subsequent letters produced no response, RGC filed suit on March 29, 2005, alleging (I) infringement of a federally registered trademark under 15 U.S.C. § 1114(1); (ii) trademark infringement and a false designation of origin under 15 U.S.C. § 1125(a); and (iii) common law infringement and unfair competition under Virginia state law. On December 19, 2005, the district court granted summary judgment in favor of DTS, the parties having previously agreed to a bench trial.

RGC filed a timely notice of appeal with regard to two issues: (1) the district court's determination that no likelihood of confusion existed between RGC's and DTS's marks; and (2) the district court's decision to strike portions of the complaint and to preclude certain discovery pursuant to Federal Rule of Evidence 408. We have jurisdiction pursuant to 15 U.S.C. § 1121(a) and 28 U.S.C. § 1291.

II.

We review *de novo* the legal determinations made by a district court in granting summary judgment. See Lone Star Steakhouse & Saloon v. Alpha of Va., Inc., 43 F.3d 922, 928 (4th Cir. 1995) .

A district court's likelihood of confusion inquiry, however, necessarily involves factual determinations. Int'l Bancorp, LLC v. Societe Des Bains De Mer Et Du Cercle Des Etranqers a Monaco, 329 F.3d 359, 362 (4th Cir. 2003). Where, as here, the court is to be the ultimate finder of fact, the entire record is before the court at the summary judgment stage,[1] and only the inferences to be drawn from the underlying facts - as opposed to the facts, themselves -are in dispute, a court may properly proceed to final judgment. See id.

> It makes little sense to forbid the judge from drawing inferences from the evidence submitted on summary judgment when that same judge will act as the trier of fact, unless those inferences involve issues of witness credibility or disputed material facts. If a trial on the merits will not enhance the court's ability to draw inferences and conclusions, then a district judge properly should draw his inferences without resort to the expense of trial.

Id. at 362 (quoting Matter of Placid Oil Co., 932 F.2d 394, 398 (5th Cir. 1991) (internal quotations and citations omitted)). In such circumstances, we review the district court's findings for clear error. Int'l Bancorp, 329 F.3d at 362; see also Petro Stopping Centers, L.P. v. James River Petroleum, Inc., 130

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[1]"The Court: 'All right. I don't need anything more. After that, the case is ready for disposition, isn't it, Mr. Hanes [Attorney for Dollar Tree], Mr. Culver [Attorney for RGC] .'Attorney for Dollar Tree: 'Yes.' Attorney for RGC: 'Yes.'" (J.A. at 355.)

F.3d 88, 91-92 (4th Cir. 1997) ("This circuit reviews district court determinations regarding likelihood of confusion under a clearly erroneous standard."). Under this standard, the district court's findings may not be disturbed unless there is no evidence in the record to support them, or when, having reviewed the record ourselves, "we are left with a definite and firm conviction that a mistake has been committed." Petro Stopping, 130 F.3d at 92. In no case, however, will this standard permit a district court's decision to stand where the court incorrectly applied the law. Pizzeria Uno Corp. v. Temple, 747 F.2d 1522, 1526 (4th Cir. 1984).

A.

Actions for trademark infringement require proof of two elements: (1) that the plaintiff has a valid mark, and (2) that the similarity of the defendant's mark to the plaintiff's creates a "likelihood of confusion" in the marketplace. See Perini Corp. v. Perini Constr., Inc., 915 F.2d 121, 124 (4th Cir. 1990); 15 U.S.C. § 1114(1). Because the parties do not dispute that RGC's "Renaissance" mark is incontestible pursuant to 15 U.S.C. §§ 1065 and 1115(b), the district court properly limited its inquiry to the "likelihood of confusion" element.[2]

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[2]Because the "likelihood of confusion" test governs not only suits under the Lanham Act, but also Virginia common law actions for infringement and unfair competition, we analyze appellant's causes of action simultaneously. Lamparello v. Falwell, 420 F.3d 309, 312 n.1 (4th Cir. 2005).

Courts consider seven factors in evaluating whether a competing mark creates a likelihood of confusion:

1) The strength or distinctiveness of the mark;
2) The similarity of the two marks;
3) The similarity of the goods or services the marks identify;
4) The similarity of the facilities the two parties use in their businesses;
5) The similarity of the advertising used by the twoparties;
6) The defendant's intent;
7) Actual confusion.

Pizzeria Uno, 747 F.2d at 1527. These factors will not be of equal relevance in every case. Lone Star, 43 F.3d at 933. Indeed, [c]ertain factors may not be germane to every situation," and certain factors other than those listed above may be relevant to the "likelihood of confusion" analysis in certain cases. Sara Lee Corp. v. Kayser-Roth Corp., 81 F.3d 455, 463 (4th Cir. 1996). RGC contends that the district court misapplied these factors in certain respects to such an extent that it committed legal error. We will consider each element in turn.

1.

RGC contends that the district court improperly weighed the strength of the "Renaissance" mark, and that it placed too much emphasis on the "strength of the mark" element in analyzing the likelihood of confusion. The district court began its evaluation of the mark's strength by noting our statement in Pizzeria Uno that the "first and paramount factor under this set of factors is the

distinctiveness or strength of the two marks." Pizzeria Uno, 747 F.2d at 1527. It then proceeded to apply the two-factor test set forth in CareFirst of Md., Inc. v. First Care, P.C., 434 F.3d 263 (4th Cir. 2006) . Under that test, the court considers (1) the conceptual strength of the mark, and (2) the commercial strength of the mark. Id. at 269.

A mark's conceptual strength is determined in part by its placement into one of four categories of distinctiveness: (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful. Pizzeria Uno, 747 F.2d at 1527. Suggestive and arbitrary marks are deemed strong and presumptively valid, whereas generic and descriptive marks are deemed weak, and require proof of secondary meaning within the market in order to receive trademark protection. Id. After considerable analysis, the district court concluded that RGC's "Renaissance" mark is suggestive, because it "does not describe any particular characteristic of RGC's greeting cards, but "requires some imagination to connect it with the goods.'" (J.A. at 353 (quoting Retail Servs., Inc. v. Freebies Publ'g, 364 F.3d 535, 539 (4th Cir. 2004).)

This categorization does not end a court's evaluation of a mark's conceptual strength, however. A court must also consider other registrations of the mark, because "the strength of a commonly-used mark decreases as the number of third-party registrations increases. Pizzeria Uno, 747 F.2d at 1531. The district court therefore considered evidence of 465 federal and 203 state trademark registrations or pending applications, all for marks using the word "Renaissance." (J.A. at 358.) It then

specifically considered evidence that twenty-three of these registrations, including RGC's, are for marks that fall in the same class of paper products as RGC's, PTO International Glass 16.[3] (Id. at 358, 344.) As a result, the court concluded that this widespread usage of the word "Renaissance" in other trademarks significantly diminished any distinctiveness inherent in RGC's marks.

Citing CareFirst, RGC asserts that the district court erred in considering evidence that "Renaissance" is used in products outside RGC's class of paper goods. CareFirst does not support such an argument. In that case, we explained that "the frequency of prior use of [a mark's text] in other marks, particularly in the same field of merchandise or service,' illustrates the mark's lack of conceptual strength." CareFirst, 434 F.3d at 270 (quoting Pizzeria Una, 747 F.2d at 1530-31). Because in that case there was ample use of "CareFirst" and similar marks in the health care industry alone, it was unnecessary to consider use of the mark in unrelated

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[3]Under the regulations of the Patent and Trademark Office, Class 16 includes the following:

> Paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); playing cards; printers' type; printing blocks.

International Schedule of Classes of Goods and Services, 37 C.F.R. § 6.1(16).

industries. As the above passage makes clear, however, evidence of third-party use of a mark in unrelated markets - although not as persuasive as use within the same product class - indicates a mark's lack of conceptual strength.[4]

The second step in the "strength of the mark" analysis is to consider the mark's commercial strength, a concept similar to the "secondary meaning" inquiry considered in evaluating a mark's validity. CareFirst, 434 F.3d at 269 n.3. While third-party use of the mark is relevant at this stage, as well, the court also considers a number of other factors, such as advertising expenditures, consumer awareness of the source of the mark, market share, and unsolicited media coverage. See Perini, 915 F.2d at 125. The district court faithfully considered these and other factors, noting RGC's market share of less than one percent of the greeting cards market, its average annual advertising expenditures of less than $360,000.00, and the lack of both independent media coverage of the business and survey evidence indicating an association between RGC's mark and its product. (J.A. at 361.) Because of the ample evidence supporting the district court's decision on this point, we find no error in the court's conclusion that RGC possesses a weak mark "such that its ability to identify the source of products does not extend beyond the greeting card market." (Id. at 361-

[4] RGC further argues that the district court ought not to have discounted its attempts to police the use of its mark by third-parties. The district court's opinion makes evident that it gave due consideration to RGC's efforts in this regard, but was unimpressed with the "mixed results" RGC achieved. (J.A. at 359 n.15.)

62.) See Arrow Fastener Co., Inc. v. Stanley Works, 59 F.3d 384, 394 (2d Cir. 1995).[5]

2.

The second factor to be considered in the "likelihood of confusion" analysis is the similarity of the marks in question. In order for this factor to weigh in favor of the plaintiff, the marks need not be identical; rather, they must only be "sufficiently similar in appearance, with greater weight given to the dominant or salient portions of the marks." Lone Star, 43 F.3d at 936. For purposes of summary judgment, the district court assumed the marks to be similar in appearance. This factor thus weighs in favor of a finding of likelihood of confusion.

3.

Next, the court considers the similarity of the goods or services identified by the marks. With regard to this element, the products in question need

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[5] On November 30, 2006, the day this matter was argued, this court issued its opinion in another trademark dispute, Synergistic Int'l, LLC v. Korman, 470 F.3d 162 (4th Cir. 2006). Although RGC argues that Synergistic supports its position with regard to consideration of third-party registrations of a mark in unrelated industries, we must conclude otherwise. In Synergistic, we concluded that the appellant's mark was conceptually strong based in part on the fact that the mark's dominant word, although commonly used in other industries, was not commonly used in the appellant's industry or related industries. Id. at 174. By contrast, "Renaissance" is used not only by hundreds of businesses in industries unrelated to RGC's, but also by numerous businesses within RGC's PTO class of products. Furthermore, the appellant's mark in Synergistic was found to be commercially strong. As described above, that is not the case here.

not be identical or in direct competition with each other. Because confusion may arise even where products are merely "related," the court is to consider "whether the public is likely to attribute the products and services to a single source." CAE, Inc. v. Clean Air Eng'g, Inc., 267 F.3d 660, 679 (4th Cir. 2001). An important function of this "related goods" concept is to protect trademark owners' ability to expand into associated markets in the future. Id. at 680-81.

After considering the manner in which greeting cards and gift products are marketed in the industry, and the fact that RGC at one time marketed its own line of gift products, the district court concluded that the parties' products constituted related goods. The court then properly observed that, although the fact that goods are related weighs in favor of a finding of infringement, the similarity of the goods, alone, is not dispositive as to the likelihood of confusion. (J.A. at 364-65 (citing Arrow Distilleries, Inc. v. Globe Brewing Co., 117 F.2d 347, 351 (4th Cir. 1941); Petro Stopping, 130 F.3d at 95; 4 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 24:62 (4th ed. 2006).}

4.

The fourth factor to be considered in the "likelihood of confusion" analysis is the similarity of the facilities used by the parties in their businesses. As McCarthy explains, the court is to consider the class of consumers purchasing the products, and the context in which they make their purchases.

McCarthy, supra, § 24:51. Although noting that DTS's products were most likely to be purchased by 'value-conscious consumers," the district court concluded that the placement of the products within the stores and their general retail availability were sufficient to tilt this factor "very modestly" in favor of a finding of infringement. (J.A. at 365-66.) We see no error in this determination.

5.

We next consider the similarity of the advertising employed by the parties. It is undisputed that DTS does not advertise its greeting cards line in any way. Moreover, although RGC does engage in some limited advertising, its efforts are targeted almost entirely at its wholesale customer base. RGC contends that the district court erred in interpreting this factor as militating against infringement, rather than assigning it neutral effect. (Brief of Appellant at 54 (citing Carnival Brand Seafood Co. v. Carnival Brands, Inc., 187 F.3d 1307, 1314 (11th Cir. 1999).) The district court's holding on this point was supported by sound authority, however, and we find no error. See IDV N. Am., Inc. v S&M Brands. Inc. , 26 F. Supp. 2d 815, 828-29 (E.D. Va. 1998) (citing Pizzeria Uno, 747 F.2d at 1527; Petro Stopping, 130 F.3d at 95).

6.

The sixth factor to be considered is the defendant's intent in adopting its mark.[6] As we explained in Pizzeria Uno, " [i]f there is intent to confuse the buying public, this is strong evidence establishing likelihood of confusion, since one intending to profit from another's reputation generally attempts to make his signs, advertisements, etc., to resemble the other's so as deliberately to induce confusion." Pizzeria Uno, 747 F.2d at 1535.

RGC contends that DTS exhibited bad faith by failing to conduct a trademark search or to obtain advice of counsel before adopting the "Renaissance" mark for use on its gift products, and by continuing to use the mark after being contacted by RGC. RGC's first argument necessarily fails, because, as the district court reasoned, "[a] t most, the failure to conduct a search is probative of Dollar Tree's carelessness, which even if true, has little bearing on the likelihood that its allegedly infringing mark will confuse the public." (J.A. at 367 (citing McCarthy, supra, § 23:109).) Moreover, DTS was justified in continuing its use of the "Renaissance" mark if, as the district court concluded, DTS believed RGC's mark to be too weak to prevent DTS's use of the mark on its gift products. See McCarthy, supra, § 23:120. Accordingly, the district court committed no

[6] To the extent appellant argues that the district court's decision to strike portions of the complaint and to preclude certain discovery are relevant to this factor, the court notes that the district court's ruling on those points is affirmed in Section III below.

error in concluding that the intent factor militated against a finding of infringement.

7.

Finally, the "likelihood of confusion" analysis requires consideration of instances of actual confusion among consumers. RGC produced evidence of four instances of confusion, one involving a shop owner, two involving shop managers, and one involving an independent sales representative. The district court found that this small number of cases, none of which demonstrated confusion among the actual consumer public, weighed against RGC's position, rather than in favor. In so holding, the district court took into account the large volume of sales from which RGC's instances of confusion were taken, as well as RGC's unsuccessful efforts to uncover additional examples of actual confusion.

The court also appropriately considered our statement in Petro Stopping that, " [a]t worst, [a] company's failure to uncover more than a few instances of actual confusion creates a 'presumption against likelihood of confusion in the future.'" Petro Stopping, 130 F.3d at 95 (quoting Amstar Corp. v. Domino's Pizza, Inc., 615 F.2d 252, 263 (5th Cir. 1980)) . In Petro Stopping, we determined that the appellant's evidence of actual confusion, consisting of only a few instances out of more than $2 billion in sales, was "at best *de minimis.*" Petro Stopping, 130 F.3d at 95. We see no error in the district court reaching the same conclusion in the instant case.

B.

Having determined that the district court committed no clear error in assessing each of the Pizzeria Uno factors, we turn to RGC's contention that the court erred in weighing these factors against each other. Specifically, appellant argues that the court placed excessive significance on the strength of the mark. This argument is similarly unavailing. As previously noted, these factors will be of varying relevance in every case. Lone Star, 43 F.3d at 933. Nonetheless, where only three of the seven Pizzeria Uno factors weighed in favor of a finding of likelihood of confusion, we are unable to conclude that the district court committed clear error in finding no infringement. Ample evidence supported the court's decision, and we will not disturb it.

III.

The second issue RGC raises on appeal is the district court's exclusion, pursuant to Federal Rule of Evidence 408, of evidence relating the parties' settlement negotiations.[7] Specifically, the district court ordered such content stricken from two paragraphs of RGC's original complaint, and subsequently upheld a protective order entered by the magistrate judge precluding witness testimony on the issue. We review both decisions for an abuse

[7] After a review of the record, we believe RGG made clear to the district court that it wished to introduce the disputed evidence to show DTS's intent for purposes of the "likelihood of confusion" analysis. We are thus unpersuaded by DTS's argument that RGC waived this issue below. (See Brief of Appellee at 32-34)

of discretion. See Seay v. TVA, 339 F.3d 454, 480 (6th Gir. 2003) ("We review the decision to grant or deny a motion to strike for an abuse of discretion, and decisions that are reasonable, that is, not arbitrary, will not be overturned."); Neighbors of Cuddy Mountain v. Alexander, 303 F.3d 1059, 1070 (9th Cir. 2002) (reviewing ruling on motion to strike under Fed. R. Civ. P. 12 (f) for abuse of discretion); Stanbury Law Firm, P.A. v. IRS, 221 F.3d 1059, 1063 (8th Cir. 2000) (same) ; M & M Med. Supplies & Serv. , Inc. v. Pleasant Valley Hosp., Inc., 981 F.2d 160, 163 (4th Cir. 1992) (protective order entered under Fed. R. Civ. P. 26(c) reviewable for abuse of discretion).

Paragraphs 16 and 17 of RGC's original complaint detailed certain communications between the parties' attorneys made during settlement negotiations. (J.A. at 14.) In its answer to the complaint, DTS moved to strike these paragraphs pursuant to Federal Rule of Evidence 408, which provides as follows:

> Evidence of (1) furnishing or offering or promising to furnish, or (2) accepting or offering or promising to accept, a valuable consideration in compromising or attempting to compromise a claim which was disputed as to either validity or amount, is not admissible to prove liability for or invalidity of the claim or its amount. Evidence of conduct or statements made in compromise negotiations is likewise not admissible. This rule does not require the exclusion

> of any evidence otherwise discoverable merely because it is presented in the course of compromise negotiations. This rule also does not require exclusion when the evidence is offered for another purpose, such as proving bias or prejudice of a witness, negativing a contention of undue delay, or proving an effort to obstruct a criminal investigation or prosecution.

Fed. R. Evid. 408. RGC contended that the passages, which included statements by counsel for DTS as to how many units of the "Renaissance" gift products remained in stock, were admissible as an exception to Rule 408 to show bad faith or willfulness.

The court took up the issue at a motions hearing on June 3, 2005, discussing the matter at length. The transcript of that hearing makes evident that the court was aware of the law governing motions to strike under Rule 12 (f) , and that such motions are to be granted infrequently. (J.A. at 92.) See Stanbury, 221 F.3d at 1063. It is equally clear that the court felt RGC's proffered exceptions to Rule 408 were impermissible under the rule, and that it did not consider the disputed information to be probative. As a result, the district court granted the motion to strike in part and directed RGC to file an amended complaint. In doing so, however, the court narrowly tailored the portions of Paragraphs 16 and 17 to be excluded, and assured counsel for RGC that it would reconsider the matter if an exception to Rule 4 08 were later revealed.

RGC made its argument on the basis of rather weak authority. It was able to cite no cases from this circuit in support of its position. Furthermore, one of its chief cases, Itron, Inc. v. Benghiat, No. 99-501, 2003 U.S. Dist. LEXIS 15039 (D. Minn. Aug. 29, 2003), is an unpublished district court opinion from the District of Minnesota, and is therefore of questionable precedential value. Another case on which it relies actually militates against admission of the disputed paragraphs. Stern's Miracle-Gro Prods., Inc. v. Shark Prods., Inc., 823 F. Supp. 1077 (S.D.N.Y. 1993). In Stern's, the court considered statements made during settlement negotiations for purposes of showing the defendant's intent. The Stern's court only considered statements made by the plaintiff, however, and only to the extent they proved notice of the plaintiff's objection to the defendant's mark. Id. at 1088 n.6 (adding that statements made during settlement negotiations are clearly inadmissible under Rule 408 where they may be considered admissions as to the merits of the action). Similarly, the district court here informed RGC that it would consider statements made by RGC to DTS. (J.A. at 94-96.) Because the district court's ruling on this point was reasonable and not overreaching, we find no abuse of discretion.

The protective order arose from a notice of deposition issued by R6C that included a demand for the production of a witness to testify to "all factual representations made to plaintiff's counsel during negotiations with defendant's counsel in 2004 involving the mark RENAISSANCE . . . ." (J.A. at 189.) Upon motion by DTS, the magistrate judge to whom the motion was referred concluded that,

although evidence of settlement negotiations may be discoverable under some circumstances, RGG had not shown why the settlement negotiations were relevant to its "claims or defenses." (J.A, at 184.) Moreover, the magistrate judge observed that RGC did not say what fact it wished to discover through inquiry about the negotiations. (Id.) When RGC objected to the magistrate judge's order, the district court considered the issue at a subsequent motions hearing. Concluding, as it had at the prior hearing on DTS's motion to strike, that the disputed information was not probative and did not meet an exception to Rule 408, the district court overruled RGC's objections to the order. The district court's decision in this regard was supported by sound policy considerations. See Fiberglass Insulators, Inc. v. Dupuy, 856 F.2d 652, 654 (4th Cir. 1988) ("The public policy of favoring and encouraging settlement makes necessary the inadmissibility of settlement negotiations in order to foster frank discussions."). Accordingly, we find no abuse of discretion.

IV.

For the foregoing reasons, we affirm the district court's rulings with regard to Federal Rule of Evidence 408, and its grant of summary judgment to Dollar Tree Stores.

AFFIRMED

JUDGMENT
FILED: March 30, 2007

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 06-1131
1:05-cv-00341-TSE

RENAISSANCE GREETING
CARDS, INCORPORATED

Plaintiff - Appellant

v.

DOLLAR TREE STORES,
INCORPORATED

Defendant - Appellee

Appeal from the United States District Court for the Eastern District of Virginia at Alexandria

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In accordance with the written opinion of this Court filed this day, the Court affirms the judgment of the District Court.

A certified copy of this judgment will be provided to the District Court upon issuance of the mandate. The judgment will take effect upon issuance of the mandate.

/s/ Patricia S. Conner
CLREK

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

RENAISSANCE GREETING
CARDS, INC.

Plaintiff,

v. **Case No. 1:05cv341**

DOLLAR TREE
STORES, INC.,

Defendant.

MEMORANDUM OPINION

In this suit, an owner of three registered trademarks sues a large discount retailer for trademark infringement and unfair competition under both the Federal Trademark Act of July 5, 1946, 15 U.S.C. § 1051, *et seq.*, as amended, and Virginia common law. More particularly, plaintiff Renaissance Greeting Cards, Inc. ("RGC"), a marketer of greeting cards and the owner of three registered trademarks employing the words RENAISSANCE and RENAISSANCE GREETING CARDS for its line of greeting cards, brings this federal trademark infringement and state unfair competition action against the defendant, Dollar Tree Stores, Inc. ("Dollar Tree"), for using the word RENAISSANCE in marketing its own line of gift bags, and to a lesser degree for use in the marketing of gift wraps, bows, boxes, tissue paper and ribbon.

At issue is whether RGC's RENAISSANCE trademark is so well-recognized by consumers of greeting cards (that is, strong) that Dollar Tree's use for non-competitive products is likely to cause confusion among consumers.

I.[8]

Plaintiff RGC is a Maine Corporation engaged in the business of creating and marketing specialty greeting cards. RGC is a wholly owned subsidiary of Florists' Transworld Delivery, Inc. ("FTD"). In August 1992, RGC registered with the Patent and Trademark Office ("PTO") a trademark employing the word RENAISSANCE in stylized form,[9] and a trademark using the phrase RENAISSANCE GREETING CARDS in a similarly stylized form.[10] In 1996, RGC restyled the lettering of the 1992 trademarks slightly and continues using this restyled lettering today.[11] In October 2003, RGC registered a third trademark for the word

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[8] The facts recited here are largely undisputed. Where disputes exist, they are noted and, if material, the facts are construed favorably to the non-moving party, as required. *See Matsushita Elec. Indus. Corp.* v. *Zenith Radio Corp.*, 475 U.S. 574,587 (1986).

[9] This mark was filed on August 12, 1992 and issued on July 12,1994. Its registration number is 1,844, 357. See Exhibit A, RGC Mark #1.

[10] This mark was filed on August 12, 1992 and issued on July 12,1994. Its registration number is 1,844,357. See Exhibit A, RGC Mark #3.

[11] See Exhibit A, RGC Mark #2 and #4.

RENAISSANCE in typed form.[12] RGC and its predecessors have used these marks for greeting cards continuously since 1977. The parties agree that RGC's RENAISSANCE mark is incontestable as applied to greeting cards pursuant to 15 U.S.C. §§ 1065 and 1115(b).[13]

The word RENAISSANCE is a very commonly-used mark for a wide variety of goods and services, both within industries arguably related to greeting cards and in the economy in general. For example, RGC's marks are registered in PTO International Class 16, which covers paper and printed goods.[14] In

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[12] This mark was filed on October 22, 2003 and issued on March 29, 2005. Its registration number is 2,936,155.

[13] A registered mark is deemed incontestable pursuant to 15 U.S.C. § 1065 if: (1) it has been in continuous use for five years from the date of its initial registration, (2) there have been no adverse determinations regarding its right to register the mark, (3) there are no pending proceedings in the PTO regarding its rights under the mark, (4) an affidavit has been filed confirming that the goods have been in continuous use under the mark, (5) and that the mark is not generic. 15 U.S.C. § 1065. Once a mark has become incontestable, "the registration shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the mark in commerce .... in connection with the goods or services specified in the affidavit. . . ." 15 U.S.C. §115(b).

[14] *See* 37 C.F.R. § 6.1. The regulation lists the following as covered by Class 16 in theinternational schedule of classes of goods and services:

> Paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery;

this class, there are currently, apart from RGC's marks, 20 active registrations or applications for marks using the word RENAISSANCE. These registrations are for a variety of paper products including: labels, wedding albums, periodicals and various paper goods. Among all classes of products, there are presently 465 active federal and 203 state trademark registrations or pending applications for marks containing the word RENAISSANCE. These hundreds of marks represent a diverse array of industries, including: the hotel industry, the information technology industry, executive education services, and costume jewelry. Indeed, it appears that included among these many marks is a mark used in connection with greeting cards. A registered trademark of CLASSIC GREETINGS.COM: HOME PORT OF THE WWW RENAISSANCE,[15] is registered for "entertainment services, namely, providing information on art, music, and poetry in the field of classical art and literature via the global computer network," but visitors to the website www.classicgreetings.com are also offered "free classic

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adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); playing cards; printers' type; printing blocks.

[15] This trademark, Registration number 2,415,517, was among those included in Dollar Tree's summary judgment submissions.

greetings and poetry cards."[16] In addition, there are 245 identifiable "common law trademarks" using the word RENAISSANCE and at least 2,925 businesses using the word RENAISSANCE in their business names. Thus, the word RENAISSANCE is widely used by companies selling a variety of products, some related to, and many distinct from, greeting cards.

In an effort to protect its trademark, RGC has initiated one cancellation proceeding and three opposition proceedings at the PTO against parties who had registered or were seeking to register marks containing the word RENAISSANCE. In August 2004, RGC formally opposed registration of the mark RENAISSANCE LABEL by Renaissance Mark, Inc. for its line of Printed labels. The parties reached a settlement restricting the types of labels Renaissance Mark, Inc. may offer under the RENAISSANCE mark. In October 2001, RGC opposed registration of the mark RENAISSANCE by Album X Corporation for its line of wedding and photo albums. This dispute was settled by an agreement that Album X Corporation would not market its albums in department stores, while allowing Album X to continue to market its albums elsewhere under the RENAISSANCE mark. In September 1992, RGC opposed Renaissance of Thought, Inc.'s registration of the mark RENAISSANCE OF THOUGHT, INC. The merits of the opposition were not adjudicated, as the

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[16] This web site information is appropriate for judicial notice pursuant to Rule 201, Fed. R. Evid. *See, e.g., Wang* v. *Pataki*, F.Supp.2d_ , 2005 WL 276562, *10 n.2 (S.D.N.Y. 2005)(taking judicial notice of the contents of a website) (citing *Hotel Employees & Rest. Employees Union, Local 100 v. New York Dep't of Parks & Recreation*, 311 F.3d 534, 549 (2d Cir.2002)).

other party voluntarily abandoned the application. Finally, in April 1993, RGC petitioned for the cancellation of the registered mark of RENAISSANCE held by Argo Wiggins S.A. RGC withdrew its petition in 1994 and the registration was cancelled shortly thereafter under Section 8 of the Lanham Act, which requires the PTO to cancel a registration after six years if the mark is no longer in use. 15 U.S.C. § 1058(a). In addition, counsel for RGC corresponded with three other parties using or intending to use the RENAISSANCE mark in a conflicting manner, which resulted in the cessation of the conflicting use.

RGC's sales constitute a very small portion of the overall domestic greeting cards market. Over the past five years RGC has had average annual sales of $12 million. By comparison, the retail greeting cards market is valued at roughly $7 billion annually. In the three year period prior to 1993, RGC's sales averaged just $7.7 million annually. The vast majority of RGC's sales are made not directly to consumers, but through its sales representatives and sales force to various retailers and to florists affiliated with FTD. The distribution among these outlets, based on the percentages of RGC's sales, is as follows: 18% for pharmacies; 16% for florists; 15% for grocery stores; 13% for card and gift shops; 12% for hospital gift shops; and 26% for other retail outlets including bookstores, convenience stores, department stores, hardware stores, hotel lobby stores, mail box stores, newsstands, party goods stores, office supply stores and the like.

With the exception of local advertising in support of its retail outlet store in Maine, RGC does not advertise its products directly to retail consumers, but instead advertises exclusively in trade publications and at trade shows. Most of RGC's advertising efforts, therefore, are directed at its wholesale customers. Over the past five years, RGC has expended an average of $358,000 annually on advertising. In the three years prior to 1993, RGC expended an average of approximately $230,000 annually on advertising. RGC has not provided any survey evidence on the brand recognition of its RENAISSANCE trademark.

Greeting cards are sometimes marketed under the same trademark as gift bags or gift wrap, or both. Several of RGC's competitors have marketed these items under the same trademark including: Paramount Cards, Marian Heath, Marcel Schurman, Recycled Paper Greetings, Hallmark and the Carlton division of American Greetings. Indeed, RGC marketed its own line of gift bags, gift wrap, bows and ribbon under the "Renaissance" trademark during the 1980s, but it ceased doing so in 1990 and has not done so since.

Defendant Dollar Tree is a large national retailer operating approximately 2,845 stores in all 48 contiguous states of the continental United States. For the year that ended January 29, 2005, Dollar Tree's net sales totaled $3.126 billion. Its net income

for the same period was $180.250 million.[17] Dollar Tree has used the RENAISSANCE mark on its line of gift bags since 1993, and on its line of gift wrap, boxes, bows, ribbon and tissue since 2002. Examples of Dollar Tree's use of the mark RENAISSANCE on its products are attached hereto as Exhibit A. Dollar Tree developed its marks without knowledge of RGC's marks. Dollar Tree chose the RENAISSANCE mark for its line of gift bags because it "symbolize[d] high quality and fanciness to enhance the perceived value of the gift." Edney Declaration ¶ 5. Dollar Tree has provided different estimates as to how many gift bags it has sold. These estimates range from approximately 250 million to approximately 500 million units of gift bags, gift wrap, bows, etc., on which the RENAISSANCE mark has appeared since 1995. In addition to selling gift bags, Dollar Tree markets greeting cards under the TENDER THOUGHTS trademark of its supplier, American Greetings Corporation.

Dollar Tree did not conduct a trademark search or obtain opinion of counsel prior to its initial use of the RENAISSANCE mark in 1993, nor did it do so before using the mark on its gift wrap products in 2002. During the latter half of 2003, Dollar Tree performed searches on various marks that it used, and discovered that the mark RENAISSANCE was used by many different companies. In light of this discovery, it considered abandoning use of the

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[17] It is appropriate to take judicial notice of SEC filings at the summary judgment stage. Rule 201(c) Fed. R. Evid.; *See, e.g., In re Delmarva Securities Litigation,* 794 F.Supp. 1293, 1299 (D.Del. 1992)("SEC filings fall within th[e] category of public records that can be judicially noticed.").

RENAISSANCE mark, and ultimately did so in May 2004 when it began marketing its line of gift bags, gift wrap, etc. under the mark VOILA. Despite this abandonment, some gift bags bearing Dollar Tree's RENAISSANCE mark made prior to May 2004 remained in stock and available for purchase as late as July 2005.

Despite the very large volume of bags bearing the RENAISSANCE mark sold by Dollar Tree beginning in the early 1990s, RGC did not discover Dollar Tree's use of the mark on its line of gift bags until 2003. As a result of this discovery, RGC sent a letter to Betta Products, Inc. ("BPI"), the apparent manufacturer of the gift bags bearing the allegedly infringing mark. BPI responded by directing RGC to Dollar Tree, at whose direction they were using the RENAISSANCE mark. Counsel for RGC wrote Dollar Tree in December 2003 raising the possibility that Dollar Tree's use of the RENAISSANCE mark on its gift bags might violate trademark and unfair competition laws, and seeking to discuss the matter with Dollar Tree's intellectual property counsel. This letter had not yet been responded to as of February 27, 2004, when counsel for RGC sent Dollar Tree a second letter seeking to discuss the matter with Dollar Tree's intellectual property counsel. Employees of Dollar Tree referred RGC to its intellectual property counsel, who RGC contacted by letter on June 25, 2004. No response to this letter was ever received by RGC.

After the initiation of this lawsuit, RGC solicited instances of actual confusion from its sales force. As a result, RGC has identified three wholesale

customers who manage retail outlets that buy greeting cards and who claim to have been confused by Dollar Tree's use of the word RENAISSANCE on its gift bags. Thus, Lena Depp, the owner of Lena's Card & Gift Shoppe in Frankfort, Kentucky and a customer of RGC for approximately ten years, claims that "the similarities in the name and lettering style" led her to believe that a gift bag purchased at Dollar Tree on which the words "Renaissance Gift Bags" appeared was connected to RGC. As a result, she asked the sales representative of RGC from whom she purchased greeting cards to sell her the gift bags for resale in her shop. Similarly, Tiffany Pope Jones, the manager and buyer for Raley Pharmacy in Catoosa, Oklahoma and a customer of RGC, believed that a gift bag she received was sold by RGC when, in fact, it was sold by Dollar Tree. A similar instance of confusion was reported by a store manager in Indiana. Finally, an independent sales representative in Florida, who sells RGC cards was confused after seeing a Dollar Tree gift bag with the name RENAISSANCE on it. RGC has not identified any instances of actual confusion among the retail consumers of its gift cards, nor have they conducted a survey of those customers to determine whether they have been confused by Dollar Tree's use of its RENAISSANCE on its line of gift bags or whether they would be likely to be confused.

RGC brought this suit on March 29, 2005, and the second amended complaint includes three claims: (i) infringement of a federally registered trademark as prohibited by 29 U.S.C. § 1114(1); (ii) trademark infringement and a false designation of origin as prohibited by 29 U.S.C. § 1125(a); and (iii)

common law infringement and unfair competition under Virginia state law. The parties, recognizing that the material facts in this case are largely undisputed, have filed cross-motions for summary judgment pursuant to Rule 56(c), Fed. R. Civ. P. These motions have been fully briefed and argued, and are now ripe for disposition.

II.

Summary judgment is appropriate where the "pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact, and that the moving party is entitled to judgment as a matter of law." Rule 56(c), Fed. R. Civ. P. A genuine issue of material fact exists where there is evidence, viewed in the light most favorable to the non-moving party, such that a reasonable jury could find in favor of the non-moving party. *Matsushita Elec. Indus, Co.* v. *Zenith Radio Corp.*, 475 U.S. 574, 585-87 (1986). The opposing party "may not rest upon the mere allegations or denials of [its] pleadings," but instead must "set forth specific facts showing that there is a genuine issue for trial." Fed. R. Civ. P. 56(e). When considering cross-motions for summary judgment, each motion should be evaluated separately using the standard set forth above. *See ITCO Corp.* v. *Michelin Tire Corp., Commercial Div.*,722 F.2d 42, 45 (4th Cir. 1983) ("The court is not permitted to resolve genuine issues of material fact on a motion for summary judgment--even where, as below, both parties have filed cross motions for summary judgment.").

III.

A trademark infringement case involves a two part inquiry: (1) whether the plaintiff has a valid, enforceable trademark, which will therefore be deemed eligible for protection, and, if so, (2) whether the defendant's use of an identical or similar mark is "likely to cause confusion" in the marketplace.[18] These principles govern RGC's two federal claims. And, because there is essentially no dispute that RGC's marks are valid and enforceable, the principal battleground for both claims is the presence or absence of a likelihood of confusion among consumers stemming from Dollar Tree's use of its RENAISSANCE mark on paper products other than greeting cards.

Because the test for a claim of common law infringement and unfair competition under Virginia law likewise focuses on the likelihood of confusion among consumers, this claim need not be analyzed

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[18] *See* 15 U.S.C. §§ 1114(1), 1125(a); *Lone Star Steakhouse & Saloon, Inc.* v. *Alpha of Virginia, Inc.*, 43 F.3d 922, 933 (4th Cir. 1995) ("[T]he Lanham Act establishes a two prong test that Plaintiffs must satisfy in order to obtain an injunction for trademark infringement and unfair competition, ha addition to proving the mark's protectibility, a complainant must demonstrate that the defendant's use of the colorable imitation is likely to cause confusion among customers."); *Perini Corp. v. Perini Constr.*, 915 F.2d 121,124 (4th Cir. 1990) (same).

separately.[19] In any trademark infringement case, state or federal, the goals of trademark protection, which include protecting product identification, providing consumer information, and encouraging the production of quality goods, must be balanced by the concern that trademark protection not become a means of monopolizing language or stifling productive competition. *See Lamparello* v. *Falwell,* 420 F.3d 309, 313 (4th Cir. 2005); see *also* J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 2.2 (2005) (hereinafter McCarthy on Trademarks).

The Validity of RGC's Marks

As a threshold matter, it is necessary to determine whether RGC's RENAISSANCE trademark is valid, and therefore entitled to protection.[20] A mark will not be entitled to protection unless it has acquired a sufficient level of distinctiveness, that is, whether "is serves the traditional trademark functions of distinguishing the applicant's goods from those of others' and identifying the source of the goods." *Retail Services,*

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[19] *See Lamparello v. Fallwell,* 420 F.3d 309, 312 n.1 (4th Cir. 2005); *Lone Star Steakhouse & Saloon,* 43 F.3d at 930 n.10 (citing *Food Fair Stores, Inc.* v. *Lakeland Grocery Corp.,* 301 F.2d 156,160 (4th Cir. 1962)); *Teaching Co. Ltd. Partnership* v. *Unapix Entertainment, Inc.,* 87 F.Supp.2d 567, 575 (E.D.Va. 2000).

[20] As noted, there is essentially no dispute that RGC's mark is valid and enforceable in the greeting card market. Even so, the analysis here of the nature of RGC's mark is essential to an assessment of the strength of RGC's mark and hence relevant to the analysis of the likelihood of confusion question.

Inc. v. Freebies Publishing, 364 F.3d 535, 538 (4th Cir. 2004) (citing *Two Pesos, Inc. v. Taco Cabana, Inc.,* 505 U.S. 763, 768 (1992)). A trademark can gain distinctiveness based on either the word's inherent quality, or the meaning that the word has gained through exposure to the market. *See Id.* at 538-39. Based on the mark's inherent qualities, courts categorize marks into one of four classifications along a spectrum of increasing distinctiveness: (1) generic; (2) descriptive; (3) suggestive; and (4) arbitrary or fanciful. *See Lone Star,* 43 F.3d at 933.

At the most distinctive end of the spectrum are arbitrary or fanciful marks, such as KODAK or XEROX, which are meaningless outside of the product they brand and therefore entitled to the strongest form of protection. *See Sara Lee Corp. v. Kayser-Roth Corp.,* 81 F.3d 455, 464 (4th Cir. 1996). At the least distinctive end of the spectrum are generic marks, which simply "convey[] information with respect to the nature and class of the article," and are therefore, never entitled to trademark protection. *Washington Speakers Bureau, Inc. v. Leading Authorities, Inc.,* 33 F.Supp.2d 488, 495 (E.D.Va. 1999). In between these two poles are suggestive and descriptive marks. Suggestive marks, such as COPPERTONE, or PLAYBOY, are "meant to project a favorable or idealistic image with which a prospective user might identify" but do not suggest a particular product or service. *Sara Lee,* 81 F.3d at 464. Descriptive marks, such as AFTER-TAN post tanning lotion, or 5 MINUTE GLUE, "merely describe a function, use, characteristic, size, or intended purpose of the product," and are entitled to

protection only if they have developed "secondary meaning" in the marketplace such that consumers have come to associate the mark with that particular product. *Id.* (citing COCA-COLA as the paradigmatic example of a descriptive mark that has acquired secondary meaning)

Because the term RENAISSANCE does not describe any particular characteristic of RGC's greeting cards, but "requires some imagination to connect it with the goods," it is suggestive, and therefore entitled to protection. *Freebies,* 364 F.3d at 539. The mark's registration by the PTO without evidence of its secondary meaning further supports the conclusion that the mark is suggestive. *Pizzeria Uno Corp.* v. *Temple,* 747 F.2d 1522, 1528-29 (4th Cir. 1984). Indeed, RGC's marks have become incontestable and therefore, their validity may not be challenged. 15 U.S.C. § 1115(a).

The conclusion that RGC's mark is incontestable, is merely necessary, but not sufficient to a finding of infringement. While the Supreme Court has made clear in *Park 'N Fly, Inc.* v. *Dollar Park & Fly, Inc.,* 469 U.S. 189 (1985), that the validity of an incontestably registered mark cannot be challenged, Dollar Tree is free to argue that the mark is not strong and therefore use in related but different markets is not likely to cause confusion among consumers. *See Petro Stopping Centers L.P.* v. *James River Petroleum, Inc.,* 130 F.3d 88, 92 (4th Cir. 1997). Thus, the Fourth Circuit has stated:

> [I]ncontestability affects the validity of the trademark but does not establish the

> likelihood of confusion necessary to warrant protection from infringement. Likelihood of consumer confusion remains an independent requirement for trademark infringement....[We] hold that we are free to address whether Plaintiffs' incontestable trademark is descriptive or suggestive in determining whether the likelihood of consumer confusion exists in this case.

Lone Star, 43 F.3d at 935; *see also* McCarthy on Trademarks §§ 11:84, 32:155. To find infringement, RGC still has the burden of establishing by a preponderance of the evidence that the use of RENAISSANCE by Dollar Tree is likely to cause confusion.

Likelihood of Confusion

The Fourth Circuit has highlighted the following seven factors to be considered when determining whether the use of a similar trademark has resulted in the likelihood of confusion:

(i) the strength or distinctiveness of the mark;

(ii) the similarity of the two marks;

(iii) the similarity of the goods/services the marks identify;

(iv) the similarity of the facilities the two parties use in their business;

(v) the similarity of the advertising used by the two parties;

(vi) the defendant's intent; and

(vii) actual confusion.

Pizzeria Uno, 747 F.2d at 1527. These factors constitute an approximate guide, not a rigid formula, and the relevance or relative weight of any of these factors may vary depending on the circumstances of a given case. *Id.; Sara Lee,* 81 F.3d at 463.

Although the likelihood of confusion is a "factual issue dependent on the circumstances of each case," summary judgment is appropriate when the undisputed material facts that underlay the inquiry clearly demonstrate a likelihood of confusion. *Resorts of Pinehurst, Inc.* v. *Pinehurst Nat. Corp.,* 148 F.3d 417, 422 (4th Cir. 1998). Summary judgment is especially appropriate where, as here, the parties have agreed on a bench trial and submitted a "voluminous record to the court for dispositive decision at the time of the summary judgment motions." *International Bancorp, LLC* v. *Societe des Bains Mer et du Cercles des Estrangers a Monaco,* 329 F.3d 359, 362 (4th Cir. 2003), *cert. denied,* 540 U.S. 1106 (2004); *see* August 19, 2005 Transcript, at 41 (The Court: "All right. I don't need anything more. After that, the case is ready for disposition, isn't it, Mr. Hanes [Attorney for Dollar Tree], Mr. Culver [Attorney for RGC]." Attorney for Dollar Tree: "Yes." Attorney for RGC: "Yes."). The Fourth Circuit recognizes, therefore, that it makes little sense to forbid the judge from drawing

inferences from the evidence submitted on summary judgment when that same judge will act as the trier of fact, unless those inferences involve issues of witness credibility or disputed material facts. If a trial on the merits will not enhance the court's ability to draw inferences and conclusions, then a district judge properly should draw his inferences without resort to the expense of trial.

International Bancorp, 329 F.3d at 362 (quoting *Matter of Placid Oil Co.,* 932 F.2d 394, 398 (5th Cir. 1991)). Thus, if, based on the undisputed facts in the summary judgment record, no reasonable jury could find a likelihood of confusion, summary judgment is appropriate.

(i) The Strength or Distinctiveness of the Mark

The Fourth Circuit has emphasized that the strength or distinctiveness of the mark is the "paramount factor" in determining likelihood of confusion. *Pizzeria Uno,* 747 F.2d at 1527. *See also Lone Star,* 43 F.3d at 933; *Sara Lee,* 81 F.3d at 467 (describing the strength of the mark as the "alpha of infringement analysis"). In evaluating the strength of a mark, it is useful to consider two separate categories of a mark's strength: (1) conceptual strength: the placement of the mark along a spectrum focusing on the inherent potential distinctiveness of the term; and (2) commercial strength: the marketplace's recognition as of the

time the mark is asserted in litigation.[21] Of these two considerations, the second is more important, because a conceptually weak but commercially strong mark can still gain protection through secondary meaning, as illustrated by such examples as AMERICAN Airlines, PAYLESS Drug Stores and KENTUCKY FRIED CHICKEN. *See* McCarthy on Trademarks § 11:83. On the other hand, a conceptually strong mark that is relatively unknown in the marketplace will not be likely to cause any confusion among consumers of other products. *Id.* To afford protection to marks simply on the basis of their conceptual distinctiveness would be contrary to the ultimate inquiry under this factor, namely, "the degree to which the designation is associated by prospective purchasers with a particular source." *Petro Stopping,* 130 F.3d at 93 (quoting *Estee Lauder, Inc.* v. *The Gap, Inc.,* 108 F.3d 1503, 1510 (2d Cir. 1997)).

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[21] *See* McCarthy on Trademarks § 11:83; *see also A. C. Legg Packing Co., Inc. v. Olde Plantation Spice Co., Inc.,* 61 F.Supp.2d 426, 430 (D.Md. 1999); *World Gym Licensing, Ltd.* v. *Fitness World, Inc.,* 47 F.Supp.2d 614, 621-22 (D.Md. 1999); *Sun Banks of Florida, Inc. v. Sun Federal Sav. & Loan, Assoc,* 651 F.2d 311, 315 (5th Cir. 1981) (strength is a factor of both the inherent quality of the mark and its "standing in the marketplace."); *GoTo.com, Inc.* v. *Walt Disney Co.,* 202 F.3d 1199, 1207 (9th Cir. 2000) ("This 'strength' of the trademark is evaluated in terms of its conceptual strength and commercial strength."). Though the Fourth Circuit has not expressly adopted this framework, it has done so in effect. *See Petro Stopping,* 130 F.3d at 93 ("Thus, courts must examine, in addition to the mark's characterization as suggestive or descriptive, the extent of secondary meaning a mark has acquired in the eyes of consumers.").

Normally, the fact that the PTO has registered the trademark is persuasive evidence of a mark's conceptual strength because the PTO registers only fanciful, arbitrary or suggestive marks, or descriptive marks shown to have acquired secondary meaning. *Lone Star,* 43 F.3d at 934, Indeed, as described above, the word RENAISSANCE is "suggestive" as that term has been defined. However, the categories of distinctiveness are only a rough measure of the mark's conceptual distinctiveness. *See Washington Speakers,* 33 F.Supp.2d at 494.

The categorization of marks as either generic, descriptive, suggestive, or arbitrary or fanciful is premised on the common sense notion that the less descriptive a mark is of the product, the more likely it is that the mark is distinctive with respect to the product. Yet, this may not always be true, as some words that do not describe any particular product, but have some attractive connotation, become so commonly-used as to diminish their ability to distinguish one product from another. This phenomenon was recognized by the Fourth Circuit as long ago as 1941, in a dispute between a whiskey distiller and a beer brewer, both users of the trademark ARROW for their products. *Arrow Distilleries, Inc.* v. *Globe Brewing Co.,* 117 F.2d 347, 349 (4th Cir. 1941). There, the Fourth Circuit described the relevance of this phenomenon to the trademark infringement analysis in the following terms:

> The crucial issue in this case is whether the word 'Arrow' is a word of such distinctive

> character, when adopted as a trade-mark for one kind of intoxicating liquors, that it cannot be used on any other kind without creating the belief that both spring from a common source; or, on the other hand, is a word like 'Standard,' or 'Gold Medal,' or 'Blue Ribbon,' which has been adopted by so many persons as a trade-mark for articles of divers kind that it does not signify the goods of any one user. The question is important because, in determining the extent of the field of exclusive occupation, a name in the first class is accorded liberal treatment in the laws of trade-marks, while a name in the second class is narrowly restricted to the particular kind of goods for which it is used by its owner.

Id. Given this and because ARROW was commonly used as a trademark, the court found that ARROW belonged to the second category, and that the trademark protection should not be extended even to products as similar as beer and cordials. *Id.* at 351. Twenty years earlier the Seventh Circuit reached essentially the same result for the same reason. *See Pabst Brewing Co.* v. *Decatur Brewing Co.*, 284 F. 110, 113 (7th Cir. 1922) ("In view of the very wide and general employment of 'Blue Ribbon' as a trade-name, we believe the District Court properly concluded that appellant's right to use it was limited to [beer], and whatever other first use it made of it, and that in appellee's use of it [for malted liquor] there was no likelihood of any confusion of its product with that of appellant."). The Second Circuit adopted this reasoning in a similar dispute soon thereafter. *France Milling Co.* v. *Washburn-Crosby*

Co., 7 F.2d 304, 306 (2d Cir. 1925) ("[O]ne who takes a phrase which is the commonplace of self-praise like 'Blue Ribbon' or 'Gold Medal' must be content with that special field which he labels with so undistinctive a name.").

The common use of a given trademark is still considered an important factor in considering the strength of a mark. Thus, in *Petro Stopping,* the Fourth Circuit declined to extend the plaintiff's trademarks, PETRO STOPPING CENTER and PETRO TRAVEL PLAZA, which it used at its truck stops, to defendant's use of a PETRO CARD at its unmanned, self-service filling stations, in part because of the common usage of the term PETRO. *Petro Stopping,* 130 F.3d at 94. Furthermore, the strength of a commonly-used mark decreases as the number of third-party registrations increases. *See Pizzeria Uno,* 747 F.2d at 1531 ("The greater the number of identical or more or less similar trademarks already in use on different kinds of goods, the less is the likelihood of confusion.")(quoting *Amstar Corp.* v. *Domino's Pizza, Inc.*, 615 F.2d 252, 259-60 (5th Cir. 1980) (Seventy-two third party registrations of the appellant's DOMINO mark in the PTO makes the mark weak).

Dollar Tree has presented uncontroverted evidence that the RENAISSANCE mark is the subject of 465 federal and 203 state trademark registrations or pending applications, that there are 245 identifiable "common law trademarks" using the word "Renaissance," and that at least 2,925 businesses using the word RENAISSANCE in their business names. Furthermore, including those of

RGC, there are 23 registrations for the mark RENAISSANCE in its class of paper products, including registrations for similar products such as wedding albums and labels. Whatever inherent distinctiveness the RENAISSANCE mark may have for distinguishing RGC's greeting cards is thus greatly diminished by the widespread use of the word in selling other products.[22]

While the conceptual strength of RGC's mark is greatly diminished by the common usage of the mark across a variety of markets, this does not end the strength of the mark analysis; it is also necessary to consider the commercial strength of the mark. *See, e.g., Petro Stopping,* 130 F.3d at 93 ("the placement of a mark in either the suggestive or descriptive category is merely the first step in assessing the strength of a mark for purposes of the

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[22] RGC correctly points out that it has addressed this problem by attempting to police the use of the RENAISSANCE mark in adjacent markets. Just as the widespread prevalence of the mark diminishes its distinctiveness, so "the successful policing of a mark adds to its strength to the extent that it prevents weakening of the mark's distinctiveness in the relevant market." McCarthy on Trademarks § 11:91 (quoting *Morningside Group, Ltd. v. Morningside Capital Group, LLC,* 182 F.3d 133, 139 (2d Cir. 1999)). Yet, RGC's efforts in this respect have yielded mixed results. Its settlement agreement with Renaissance Mark, Inc. merely restricted the type of label that could be marketed under the name Renaissance. Similarly, its settlement agreement with Album X Corporation was merely an agreement that Album X would continue not to sell its albums bearing the RENAISSANCE mark in department stores. Finally, neither the voluntary abandonment, nor the cancellation of a registration under 15 U.S.C. § 1058, provide persuasive evidence of the strength of RGC's mark outside of the greeting card industry.

likelihood of confusion test."). The commercial strength of a mark for purposes of the likelihood of confusion inquiry is related to, and therefore sometimes confused with, a mark's "secondary meaning" for purposes of the distinctiveness inquiry. *See, e.g., Petro Stopping,* 130 F.3d at 93. While the "secondary meaning" inquiry is relevant to a mark's validity, and the commercial strength of a mark inquiry is relevant to the likelihood of confusion, both inquiries involve similar analysis with both requiring evidence that the mark is generally associated with the product or products at issue.[23] Thus, the inquiry into a mark's commercial strength will mirror the inquiry that would be undertaken to determine whether the mark has secondary meaning. Normally, the "secondary meaning" inquiry involves consideration of several factors, including, but not limited to: (1) advertising expenditures; (2) consumer studies linking the mark to a source; (3) sales success; (4) unsolicited media coverage of the product; (5) attempts to plagiarize the mark; and (6) the length and exclusivity of the mark's use. *Perini Corp.* 915 F.2d at 125 (citing *Thompson Medical Co. v. Pfizer, Inc.,* 753 F.2d 208,

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[23] *See* McCarthy on Trademarks § 11:82 ("When determining the commercial or marketplace strength of a mark, the courts look to the same kind of evidence of real world recognition of the mark as is used to decide the presence or absence of secondary meaning to determine whether or not a non-inherently distinctive designation is or is not a valid mark."); *Levi Strauss & Co. v. Blue Bell, Inc.,* 632 F.2d 817, 821 (9th Cir. 1980)("Secondary meaning and likelihood of buyer confusion are separate but related determinations, the relationship rising from the same evidentiary findings. The stronger the evidence of secondary meaning, the stronger the mark, and the more likely is confusion.").

217 (2d Cir. 1985)). Not surprisingly, many of the same factors have been considered as relevant to a determination of a mark's strength for purposes of the likelihood of confusion inquiry. Thus, it is appropriate to consider the sales and advertising expenditures of the product or products bearing the trademark at issue relative to those of other trademarks in the market.[24] Likewise, courts examining the strength of a plaintiff's mark consider the exposure of the mark through independent media coverage,[25] survey evidence of customer perceptions of the mark,[26] and the frequency of attempts to plagiarize or imitate the mark.[27]

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[24] *See* McCarthy on Trademarks § 11:83 ("While evidence of advertising and sales is relevant to prove the strength of a mark, standing alone without a context, such evidence may not be sufficient to prove that a mark is very strong. That is, the trademark owner should put its sales and advertising figures in perspective by comparing them to the sales and advertising figures for similar products to show that this mark is used on a leading product in its category.")(citing *Fossil Inc. v. Fossil Group,* 49 U.S.P.Q.2d 1451, 1457 (T.T.A.B. 1998)).

[25] *Lone Star,* 43 F.3d at 935 ("As a result of Plaintiff s efforts, its mark has been the subject of national and local media attention and has achieved a high level of recognition in the restaurant field, entitling the marks to broad legal protection.")(citing *Communications Satellite Corp.* v. *Comcet, Inc.,* 429 F.2d 1245, 1248 (4th Cir. 1970)).

[26] *See Commerce Nat'l Ins. Serv., Inc.* v. *Commerce Ins. Agency, Inc.,* 214 F.3d 432, 442 (3d Cir.2000)(customer surveys relevant because probative of strength of the mark).

[27] *See Polo Fashions, Inc.* v. *Craftex, Inc.,* 816 F.2d 145, 148 (4th Cir. 1987)("The plaintiffs symbol, standing alone, is a strong mark of the identity of the source. It has been widely used by the plaintiff and, as indicated above, has not infrequently been

Consideration of these factors leads to the conclusion that while the RENAISSANCE mark may have some potential power to identify a source in the greeting card market, it is not a strong mark. RGC's sales average of roughly $12 million per year is minuscule in relation to the size of the overall greeting card industry of $7 billion per year.[28] Likewise, RGC's attempts to promote its mark through advertising have averaged less than $360,000 per year, and have been targeted primarily to the narrow set of wholesale customers that constitute its direct customer base. Further, RGC has provided no evidence that its mark has been the subject of independent media coverage, nor has RGC provided any survey evidence indicating that there is a strong association between its RENAISSANCE mark and the greeting cards it sells within the minds of the consuming public. Consideration of the mark's commercial weakness, in combination with the wide use of the term RENAISSANCE in other products, compels the conclusion that the RENAISSANCE mark is a weak mark, such that its ability to identify the source of products does not extend beyond the greeting card market.

(ii) The Similarity of the Two Marks

The second factor's relevance to the likelihood of confusion is obvious: the closer the resemblance

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imitated.")(internal citations omitted).

[28] This is true even considering the fact that RGC's sales are made at the wholesale level and the $7 billion figure is for the retail market. It is undisputed that RGC's share of the retail market does not exceed 1%.

between the protected mark and the infringing mark, the more likely the prospect for confusion. *See Cable News Network, LP.* v. *CNNews.com,* 177 F.Supp.2d 506, 519 (E.D.Va. 2001). In evaluating the similarity or dissimilarity of the parties' marks, the "marks need only be sufficiently similar in appearance, with greater weight given to the dominant or salient portions of the marks." *Lone Star,* 43 F.3d at 936. A comparison of the marks in Exhibit A reveals a greater or lesser degree of similarity depending on which marks are compared- For example, Dollar Tree #2 is in cursive script, is surrounded by a very ornate border set in an oval, and has a capital letter R which is especially large and ornate followed by lower case letters. In contrast, RGC #3 has no border, and its lettering is printed in outlined block letters of equivalent size. These marks are further distinguishable by the fact that one is accompanied by the words gift bags and the other is accompanied by the words greeting cards. These marks do appear quite different. A comparison of Dollar Tree #4 and RGC #2, however, reveals marks that, except for slight differences in the capital R and the capitalization of the remaining words, are nearly identical. It is clear that RGC has used RGC #2 and RGC #4 since 1996. It is also clear that the four Dollar Tree gift bags that form the basis for RGC's claims of actual confusion used either Dollar Tree #1 or #2. Since the use of these different Dollar Tree marks is not known for certain, it is assumed for summary judgment purposes that the marks of Dollar Tree most similar to RGC #2 and #4 are used in all other instances, and that, therefore, the marks are similar in appearance.

(iii) The Similarity of the Goods / Services the Marks Identify

When the infringing goods are not identical to the goods sold under the trademark, they may still be entitled to protection if they are sufficiently related to cause consumers to believe they derive from the same source. *See Communications Satellite Corp.* v. *Comcet, Inc.*, 429 F.2d 1245, 1252 (4th Cir. 1970) ("When, as here, the parties are not competitors, the issue of infringement hinges on the likelihood of confusion about the source or sponsorship of the defendant's goods and services."). This record reflects that greeting cards are sometimes sold under the same mark as gift bags and gift wrap. For example, the market leader in gift cards, Hallmark, markets both greeting cards and gift bags under its well-known trademark. Indeed, RGC briefly marketed gift bags and gift wrap under the RENAISSANCE mark in the 1980s. RGC also contends that the goods are not merely similar, but also related, and that "complementary products, or services, are particularly vulnerable to confusion." *Communications Satellite,* 429 F.2d at 1253 (remarking that a reasonable consumer would believe that communications computers and communications services derive from the same source); *see also, Aunt Jemima Mills Co. v. Rigney & Co.*, 247 F. 407, 410 (2d Cir. 1917) (pancake syrup and pancake mix); *Valmor Products Co. v. Standard Products Corp.*, 464 F.2d 200, 203 (1st Cir. 1972) (haircare products and hair dryers and curling sets).

RGC also points to a recent decision of the Trademark Trial and Appeal Board holding that

greeting cards and gift products are related. *National Football League* v. *Jasper Alliance Corp.*, 16 USPQ 2d 1212, 1216 (TTAB 1990). There the Board held that the applicant's attempt to register the SUPER BOWL trademark on greeting cards was likely to confuse consumers to conclude that the greeting cards came from the National Football League, who used its SUPER BOWL trademark on posters, post cards, napkins, paper plates, paper party goods, and streamers. *Id.* In reaching this result, the Board stated that:

> It is our view in this case, that the sale of greeting cards would naturally flow from previous sales of paper goods such as posters, post cards, wrapping and paper party goods and that potential purchasers would be quite likely to believe that greeting cards and paper goods such as those marketed by opposer's licensees would emanate from the same source. We therefore conclude that the sale of these goods under the same or a similar mark would be likely to lead to confusion, mistake or deception.

Id. Thus, when a mark is sufficiently strong, it will preclude its use in not only directly competitive products, but closely related ones as well.

The fact that a junior user's good is related to that of the senior user, is not, however, sufficient by itself to overcome an otherwise weak mark. Thus, in *Arrow Distilleries,* the Fourth Circuit concluded that the use of the mark ARROW, "even in the related fields of beers and cordials, [would not suffice to]

indicate a common origin or endanger the reputation of the plaintiff's goods." *Arrow Distilleries,* 117F.2d at 351. Similarly, in *Petro Stopping,* the Fourth Circuit found that the plaintiff's PETRO mark was not infringed despite the fact that the defendant sold fuel under the mark, one of the services provided by plaintiff. *Petro Stopping,* 130 F.3d at 95. Indeed, McCarthy's on Trademarks is replete with examples of similar or identical trademarks for related goods found to be non-infringing.[29] Thus, though the products are related, and therefore this

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[29] *See* McCarthy on Trademarks § 24:62 *(citing Allstate Ins. Co. v. Allstate Inv. Corp.,* 210 F.Supp. 25, 28 (W.D.La. 1962) (No infringement between plaintiff's use of ALLSTATE mark in insurance industry and defendant's use in mortgage brokerage); *American Optical Corp. v. American Olean Tile Co.,* 185 U.S.P.Q. 405, 409-10 (S.D.N.Y. 1974) (no infringement of plaintiff's mark of AO for anti-skid floor coating by defendant's use of AO for ceramic tile products); *IDV North America, Inc. v. S & M Brands, Inc.,* 26 F. Supp. 2d 815, 824 (E.D.Va. 1998) (BAILEY's low priced cigarettes are not an infringement of BAILEY's liqueurs such as BAILEY's IRISH CREAM); *Vitarroz Corp.* v. *Borden, Inc.,* 644 F.2d 960, 966 (2d Cir. 1981) (No infringement of plaintiff's mark for BRAVOS used on crackers by defendant's use of BRAVOS on tortilla chips despite virtually identical marks and close relation of products); *Edison Bros. Stores, Inc. v, Cosmair, Inc.,* 651 F.Supp. 1547, 1562-63 (S.D.N.Y. 1987) (defendant's use of NOTORIOUS mark for its perfume does not infringe plaintiff's mark of NOTORIOUS used for women's clothing and shoes); *Riva Boats Int'l S.p.a.* v. *Yamaha Motor Corp.,* 223 U.S.P.Q. 183 (C.D.Cal. 1983) (defendant's use of RIVA on motor scooters does not infringe plaintiff's right to use RIVA mark on luxury boats because plaintiff's mark is weak); *Knaack Mfg. Co. v. Rally Accessories, Inc.,* 955 F.Supp. 991, 1004 (plaintiffs WEATHERGUARD mark used in line of tool boxes and truck and van equipment not infringed by defendant's use of WEATHERGUARD mark for semi-fitted car covers)).

factor weighs in favor of a finding of infringement, this factor alone is not dispositive.

(iv) The Similarity of the Facilities the Two Parties Use in their Business

The likelihood of confusion may also be increased if both goods are sold in the same channels of trade. *See* McCarthy on Trademarks § 24.51; *see also Paco Sport, Ltd.* v. *Paco Rabanne Parfums,* 86 F. Supp. 2d 305, 316-17 (S.D.N.Y. 2000) (no likelihood of confusion between high-fashion conscious, high income consumers in upscale specialty stores and casual clothing marketed to young, urban males in inexpensive retail outlets in urban neighborhoods). The relevant inquiry under this factor is whether the goods are sold to the same class of consumers in the same context. *See* McCarthy on Trademarks § 24.51.

RGC markets its greeting cards to its wholesale customers who ultimately sell them in various types of retail establishments, including: florists, pharmacies, hospital gift shops, grocery stores, card and gift shops, and other retail outlets. Dollar Tree markets its gift bags and wrapping paper exclusively in its discount retail stores. Thus, while both parties market generally to the retail market, Dollar Tree's products are likely to be concentrated among value-conscious consumers.

The context in which RGC's greeting cards and Dollar Tree's gift bags and other products are purchased is similar, as evidenced by the fact that Dollar Tree does sell greeting cards in its stores.

And, while Dollar Tree does not sell RGC's greeting cards, it is not required that the goods be sold side by side to find a likelihood of confusion under this factor. *See Century 21 Real Estate Corp.* v. *Century Life of America,* 970 F.2d 874, 877 (Fed. Cir. 1992) ("An opposer does not have the burden to show sales of an infringing product by a specific chain of supermarkets or agents."). Greeting cards, gift bags, gift wrap and related items are all purchased in a similar retail context that is characterized by relatively quick purchasing decisions based on a comparison of the available items. Thus, the channels of trade, while not identical, are similar enough to weigh here very modestly in favor of infringement.

(v) The Similarity of the Advertising Used by the Two Parties

Similarities in the manner of advertising the products may also increase the likelihood of confusion. *See Sara Lee,* 81 F.3d at 466. On the other hand, evidence of dissimilarity between the methods of advertising diminishes the likelihood of confusion. *See IDV North America, Inc. v. S&M Brands, Inc.,* 26 F.Supp.2d 815, 828 (1998). In this case, there is absolutely no overlap in the advertising of the two brands. Dollar Tree does not advertise its gift bags and wrapping paper and RGC advertisements are directed almost exclusively towards its wholesale customer base, and not to the ultimate consumers of the products. Accordingly, because of the minimal advertising of both parties, this factor militates against a likelihood of confusion.

(vi) The Defendant's Intent

Also, probative of the likelihood of confusion is the putative infringer's intent in adopting the allegedly infringing mark. The Fourth Circuit put this point as follows: "If there is intent to confuse the buying public, this is strong evidence establishing likelihood of confusion, since one intending to profit from another's reputation generally attempts to make his signs, advertisements, etc., to resemble the other's so as to deliberately induce confusion." *Pizzeria Uno,* 747 F.2d at 1535. In other words, a junior user's intent to confuse consumers is probative of the likelihood that it has succeeded in confusing consumers. As the Ninth Circuit has explained:

> [W]hen the evidence does show or require the inference that another's name was adopted deliberately with a view to obtain some advantage from the good will, good name, and good trade which another has built up, then the inference of likelihood of confusion is readily drawn, for the very act of the adopter has indicated that he expects confusion and resultant profit.... If such an intent is shown, it raises a presumption that deception and confusion resulted.

Fleischman Distilling Corp. v. *Maier Brewing Co.,* 314 F.2d 149, 158 (9th Cir. 1963) (internal citations and quotation marks omitted).

The record here reflects that Dollar Tree had no knowledge of RGC's RENAISSANCE marks when

it began using a similar mark on its gift bags in the early 1990s, and did not learn of RGC's trademark until just prior to the commencement of this lawsuit. Even so, RGC contends that Dollar Tree's failure to conduct a trademark search prior to marketing its gift bags under the RENAISSANCE mark in 1993 should weigh against it. *See, e.g., One World Botanicals Ltd.* v. *Gulf Coast Nutrionals, Inc.*, 987 F.Supp. 317, 335 (D.N.J. 1997). This argument misunderstands the value of this factor as probative of likelihood of confusion. If Dollar Tree had no knowledge of RGC's mark, it could not have intended to confuse the public. At most, the failure to conduct a search is probative of Dollar Tree's carelessness, which even if true, has little bearing on the likelihood that its allegedly infringing mark will confuse the public. *See* McCarthy on Trademarks § 23:109 ("[T]he existence of constructive notice is not evidence that a later user necessarily intended to confuse.").

Furthermore, the fact that Dollar Tree did not cease marketing its gift bags with the RENAISSANCE mark immediately upon receipt of RGC's letter is not probative of bad faith. *See* McCarthy § 23:120 ("[A]fter a warning from plaintiff, defendant's attempt in good faith to obtain a judicial determination of trademark rights should be no indication of evil intent or bad faith."). Dollar Tree correctly contends that it had a reasonable basis to continue to market its gift bags under the RENAISSANCE mark because it had a good faith belief that RGC's mark is not strong enough to preclude others from using the RENAISSANCE mark for related goods. Given this, Dollar Tree's

continued use of the mark on its paper products, and its pursuit of a judicial determination of this dispute is not evidence of bad faith, nor is it probative of the likelihood of confusion. Therefore, because Dollar Tree did not intend to confuse consumers, this factor weighs in favor of a finding of no infringement.

(vii) Actual Confusion

Evidence of actual confusion may in certain circumstances be compelling evidence of the likelihood of confusion. *See Lone Star,* 43 F.3d at 937. The record reflects four separate instances of actual confusion as to the source of a Dollar Tree gift bag that possessed the RENAISSANCE mark. Significantly, every instance of confusion was reported either by a wholesale customer of RGC, or, in one instance, a sales representative of RGC. It stands to reason that actual confusion among wholesale purchasers of RGC's greeting cards is more likely, given their greater familiarity with the mark due to personal interaction with RGC's sales force and the more significant wholesale purchasing decisions they have made. Likewise, the sales representative is more likely to associate the RENAISSANCE mark with RGC because part of her income is derived from selling the product. RGC presents no instances of confusion among the ultimate consumers of the greeting cards, the relevant market for the likelihood of confusion inquiry, and therefore RGC's examples of actual confusion are not very compelling.

Indeed, the fact that only four instances of actual confusion have been discovered during the more than ten years that the products were marketed simultaneously actually supports a finding of no likelihood of confusion. *See Petro Stopping,* 130 F.3d at 88 ("[T]he company's failure to uncover more than a few instances of actual confusion creates a 'presumption against likelihood of confusion in the future.'")(quoting *Amstar Corp. v. Dominos Pizza, Inc.,* 615 F.2d 252, 263 (5th Cir. 1980)); *Century 21 Real Estate Corp. v. Lendingtree, Inc.,* 425 F.3d 211, 224 (3rd Cir. 2005)(listing as one of the factors for determining likelihood of confusion "the length of time the defendant has used the mark without evidence of actual confusion."). The de minimis nature of RGC's evidence of actual confusion is only highlighted by the fact that it made significant efforts to uncover instances of actual confusion. Since the commencement of this litigation RGC has twice asked its sales force to solicit instances of actual confusion from its wholesale customers. Despite this effort, RGC has only been able to come up with these isolated instances of confusion by people more familiar with its brand than the ultimate consumer. This stands in stark contrast to situations in which the Fourth Circuit has found actual confusion as an important factor. *See Resorts of Pinehurst,* 148 F.3d at 422-23 (reporting 15 misplaced calls each week, and other evidence of actual confusion); *Lone Star,* 43 F.3d at 927 (relating numerous unsolicited instances of customers being confused about the existence of any relation between the two restaurants).

In sum, given the length of time over which the parties' products were simultaneously sold, the lack of any evidence of actual confusion among the retail market, and the efforts made by RGC to uncover evidence of actual confusion, this factor does not weigh in favor of a finding of a likelihood confusion. As the Third Circuit has explained: "Ownership of a trademark does not guarantee total absence of confusion in the marketplace. Selection of a [common mark] naturally entails a risk of some uncertainty and the law will not assure absolute protection." *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1231 (3d Cir. 1978). *See also,* McCarthy on Trademarks § 23:13 ("The existence of some evidence of instances of actual confusion does not necessarily prevent the grant of a summary judgment of dismissal for lack of a triable issue of likelihood of confusion. A court may find evidence of actual confusion insufficient to present a triable issue of fact where evidence in rebuttal provides a reasonable explanation discounting isolated instances of confusion.") (citing *Woodsmith Publishing Co.* v. *Meredith Corp.*, 904 F.2d 1244 (8th Cir. 1990); *Lang v. Retirement Living Publishing Co.*, 949 F.2d 576 (2d Cir. 1991)).

IV.

In the end, the question to be decided in this dispute is whether the strength of RGC's RENAISSANCE mark to identify a source for greeting cards is sufficient to spill over beyond the scope of greeting cards to related product markets. When making this determination, the issue is whether the RENAISSANCE mark can be used on

related but distinct products "without creating the belief that both spring from a common source." *Arrow Distilleries,* 117 F.2d at 349. Some marks are so well-known and so closely associated with a single source or producer that they are entitled to protection not only in those markets in which they are used, but also in those markets in which consumers might likely expect them to be used. On the other hand, those marks which are neither well-known in the marketplace, nor evocative of a single producer, warrant narrower protection restricted to the products for which the mark is registered.

While the record indicates that greeting cards are related to gift bags, gift wrap and the other paper products sold by Dollar Tree under the Renaissance name, RGC has not provided any evidence that its mark is strong enough to warrant the conclusion by the preponderance of the evidence that consumers of these related products are likely to be confused as to source. The common and frequent use of the RENAISSANCE mark in many industries and businesses, coupled with RGC's de minimis share of the retail market and paltry advertising efforts, compels the conclusion that RGC's mark is too weak to have created any likelihood of confusion among consumers of Dollar Tree's paper products bearing a similar mark. Indeed, the record reflects no evidence retail consumers' recognition of RGC's mark, a prerequisite to any confusion with the RENAISSANCE marks used by Dollar Tree. RGC's only evidence of actual confusion, despite the more than ten years over which the products were marketed under similar marks, were four instances

of confusion by wholesale customers and a sales representative. These few incidents do not warrant a conclusion that there was a likelihood of confusion created by Dollar Tree's use of the RENAISSANCE mark on its paper products. Nor does the other evidence presented by the record make it more likely that consumers will confuse the source of the product. The rough similarity of the marks and the retail distribution of both products weighs in favor of a finding of likelihood of confusion, but the lack of any overlap in advertising, and the absence of any evidence of Dollar Tree's intent to confuse weighs in favor of a finding of no likelihood of confusion. In the end, consideration of the weakness of RGC's mark leaves no doubt that RGC's RENAISSANCE mark belongs to the class of trademarks entitled to protection only in the product market for which the registration issued. Summary judgment for Dollar Tree is therefore appropriate. An appropriate order will issue.

Alexandria, VA
December 19, 2005

T.S. Ellis, III
United States District Judge

DOLLAR TREE'S MARK

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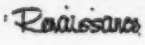

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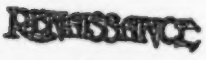
RGC'S MARK



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IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division

RENAISSANCE GREETING
CARDS, INC.

Plaintiff,

v. **Case No. 1:05cv341**

DOLLAR TREE
STORES, INC.,

Defendant.

ORDER

The matter came before the Court on the parties' cross motions for summary judgment.

For the reasons set forth in the accompany memorandum opinion of even date,

It is hereby **ORDERED** that defendant Dollar Tree Stores Inc.'s motion for summary judgment is **GRANTED** and plaintiff Renaissance Greeting Card, Inc.'s motion for summary judgment is **DENIED.**

The Clerk is directed to send a copy of this Order to all counsel of record, and to place this case among the ended matters.

Alexandria, VA
December 19, 2005

T.S. Ellis, III
United States District Judge

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

FILED April 27, 2007

NO. 06-1131
1:05-cv-00341-TSE

RENAISSANCE GREETING CARDS, INCORPORATED

Plaintiff - Appellant

v.

DOLLAR TREE STORES, INCORPORATED

Defendant - Appellee

On Petition for Rehearing and Rehearing En Banc

The appellant's petition for rehearing and rehearing en banc was submitted to this Court. As no member of this Court or the panel requested a poll on the petition for rehearing en banc, and

As the panel considered the petition for rehearing and is of the opinion that it should be denied,

IT IS ORDERED that the petition for rehearing and rehearing en bane is denied.

Entered for a panel composed of Judge Widener, Judge Wilkinson, and Chief District Judge Faber.

For the Court,

/s/ Patricia S. Connor
CLERK